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2014 FEB 18 PM 2:11
CIRCUIT COURT
FOR MULTNOMAH COUNTY

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

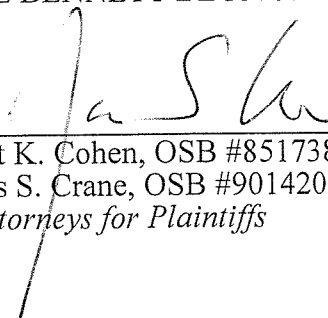
**PLAINTIFFS' MOTION FOR AWARD OF
SUPPLEMENTAL ATTORNEY FEES
AND COSTS AND SUPPLEMENTAL
JUDGMENT**

Pursuant to ORCP 68C, Plaintiffs move for an award of supplemental attorney fees and costs in the amount of \$15,164.51 and entry of a Supplemental Judgment therefor, which were incurred after the submission of Plaintiffs' Motion and Memorandum for Order of Default and General Judgment on January 25, 2013. This motion is supported by the accompanying Declaration of James S. Crane, exhibits thereto, and the proposed Supplemental Judgment.

DATED this 18th day of February, 2014.

LANDYE BENNETT BLUMSTEIN LLP

By:


Stuart K. Cohen, OSB #851738
James S. Crane, OSB #901420
Of Attorneys for Plaintiffs

CERTIFICATE OF SERVICE


I hereby certify that on February 18, 2014, I served the foregoing **PLAINTIFFS'**
MOTION FOR AWARD OF SUPPLEMENTAL ATTORNEY FEES AND COSTS AND
SUPPLEMENTAL JUDGMENT on the following individual:

William Tyler Griffith
William Tyler Griffith AAL
819 SE Morrison St., Rm. 255
Portland, OR 97214
Tel: 503-360-8881
williamtylergriffith@gmail.com

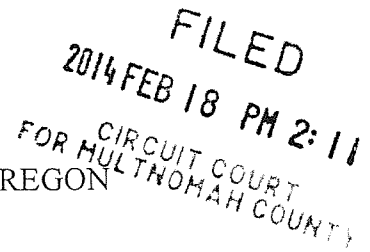
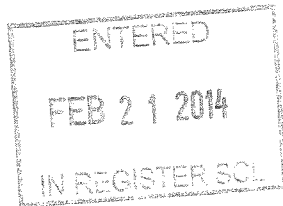
Of Attorneys for Sentinel Insurance Company

by first class U.S. mail.

LANDYE BENNETT BLUMSTEIN LLP



Kathy Baker, Asst. to James S. Crane
Of Attorneys for Plaintiffs



IN THE CIRCUIT COURT FOR THE STATE OF OREGON

FOR THE COUNTY OF MULTNOMAH

CEDAR LAKE HOMEOWNERS ASSOCIATION, an Oregon domestic nonprofit corporation; and **DECATUR BRIDGEWATER VISTA CONDOMINIUMS OWNERS' ASSOCIATION**, an Oregon domestic nonprofit corporation,

Plaintiffs,

v.

NORTHWEST EMPIRE COMMUNITY MANAGEMENT, INC., fka Professional Community Management, Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

DECLARATION OF JAMES S. CRANE IN SUPPORT OF MOTION FOR AWARD OF SUPPLEMENTAL ATTORNEY FEES

James S. Crane declares as follows:

1. I am attorney with Landye Bennett Blumstein LLP, counsel for Plaintiffs in this case. I have personal knowledge of the matters set forth in this declaration.

2. Plaintiffs seek supplemental attorney fees and costs in the amount of \$15,164.51, which is the amount incurred to date in connection with collection of the general judgment entered on March 25, 2013.

3. On January 25, 2013, Plaintiffs submitted their Motion for Entry of Default and General Judgment, which included a request for attorney fees as the prevailing party under the contracts between each of the parties and Defendant and under the Unlawful Trade Practices Act.

4. On March 25, 2013, the court entered a General Judgment and Money Award on Default, which included awards to Plaintiffs jointly of \$14,139.19 for fees and \$1,444.24 for costs.

Page 1 - **DECLARATION OF JAMES S. CRANE IN SUPPORT OF MOTION FOR SUPPLEMENTAL ATTORNEY FEES**

736706.DOC.14501-002

5. Between January 25, 2013, and March 25, 2013, Plaintiffs' counsel made efforts to collect the award from Defendant's insurer. Since the entry of the General Judgment on March 25, 2013, Plaintiffs have continued their efforts to collect the judgment award from Defendant's insurer. In addition, Plaintiffs' counsel have engaged in discovery and a judgment debtor examination in aid of their collection efforts.

6. A substantial portion of the fees and costs described below have been incurred in garnishing the policy proceeds of Defendant's employee dishonesty insurance policy. This is Defendant's first-party policy, and Plaintiffs are attempting to garnish the monies due to Defendant under Defendant's claim. Plaintiffs have had to take steps to require Defendant to complete a Proof of Loss and have had to take steps to acquire voluminous documentation and analysis from Defendant in support of the Proof of Loss submitted to the insurance company. That claim is still pending.

AUTHORITY FOR ATTORNEY FEE AWARD

7. Plaintiffs are entitled to recover attorney fees pursuant to the following facts, statute, or rule: (1) Under Article I, section E of each the contracts between each plaintiff and the defendant, which provides: "If any legal proceeding is necessary to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to its reasonable attorney fees and legal costs, in addition to any other relief to which such party shall be entitled"; and, (2) under the Unfair Trade Practices Act, ORS 646.638(3).

8. Plaintiffs have agreed to share all attorney fees, disbursements, and costs equally.

TIME AND EFFORT OCCURRED

9. The number of hours and services rendered in this matter for each lawyer, clerk, and legal assistant and the hourly rates for each are set forth in detail in Exhibit 1 attached. Exhibit 1 includes records for Landye Bennett Blumstein LLP's matter number 14533-002, which is Cedar Lake, and matter number 14501-002, which is for Decatur Bridgewater, since January 25, 2013, when the Motion for Entry of Default Judgment was filed. Despite different amounts billed on

each matter, the plaintiffs have agreed to share attorney fees, disbursements and costs equally. Therefore, any judgment award for fees and costs should be divided between Plaintiffs equally.

NAME	POSITION	HOURLY RATE	HOURS	FEES
Stuart K. Cohen	Partner	\$330	6.4	\$ 2,112.00
James S. Crane	Partner	\$300	26.5	\$ 7,950.00
Conde T. Cox	Of Counsel	\$410	0.2	\$ 82.00
Patrick T. Foran	Associate	\$225	4.8	\$ 1,080.00
Joseph F. Larson	Paralegal	\$150	1.5	\$ 240.00
Sandra G. Bledsoe	Paralegal	\$140	1.1	\$ 154.00
SUBTOTAL				\$ 11,618.00
LESS: \$1300.00 in estimated future fees included in the General Judgment				(\$ 1,300.00)
TOTAL				\$ 10,318.00

10. In addition to fees already incurred, plaintiffs seek the following estimated fees to be incurred in continuing collection efforts. The time for James S. Crane includes the time for preparing the Supplemental Judgment:

NAME	POSITION	HOURLY RATE	HOURS	FEES
Stuart K. Cohen	Partner	\$375	2.0	\$ 750.00
James S. Crane	Partner	\$315	10.0	\$ 3,150.00
Joseph F. Larson	Paralegal	\$150	1.0	\$ 150.00
TOTAL				\$ 4,050.00

11. Landye Bennett Blumstein LLP also incurred its own costs and expenses that are not included in overhead and that are not reflected in hourly rates. Those should be included in the attorney fee award, and that should be divided equally between the plaintiffs in the judgment. These are itemized in Exhibit 2 to this Affidavit, which consists of Landye Bennett Blumstein LLP's records for the plaintiffs' matters. They are summarized as follows:

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736706.DOC.14501-002

LANDYE BENNETT BLUMSTEIN LLP

Attorneys at Law
1300 SW Fifth Avenue, Suite 3500
Portland, Oregon 97201
503.224-4100
503.224-4133 (facsimile)

Document Reproduction ("DR")	\$ 512.55
Document Reproduction Outsourced ("DRO")	\$ 229.35
Postage ("PST")	\$ 11.92
Total	\$ 753.82

12. In addition to the costs and expenses set forth in paragraph 10 that are not included in overhead and that are not reflected in hourly rates already incurred, Plaintiffs seek the following estimated future such costs and expenses to be incurred in continuing collection efforts:

Document Reproduction ("DR")	\$ 25.00
Postage	\$ 10.00
Total	\$ 35.00

FACTORS CONSIDERED IN DETERMINING THE AMOUNT OF THE AWARD

13. The specific factors supporting an award and the amount of legal fees appear in ORS 20.075¹. Addressing the factors in 20.075(1) first:

¹ ORS 20.075 provides:

(1) A court shall consider the following factors in determining whether to award attorney fees in any case in which an award of attorney fees is authorized by statute and in which the court has discretion to decide whether to award attorney fees:

(a) The conduct of the parties in the transactions or occurrences that gave rise to the litigation, including any conduct of a party that was reckless, willful, malicious, in bad faith or illegal.

(b) The objective reasonableness of the claims and defenses asserted by the parties.

(c) The extent to which an award of an attorney fee in the case would deter others from asserting good faith claims or defenses in similar cases.

(d) The extent to which an award of an attorney fee in the case would deter others from asserting meritless claims and defenses.

(e) The objective reasonableness of the parties and the diligence of the parties and their attorneys during the proceedings.

(f) The objective reasonableness of the parties and the diligence of the parties in pursuing settlement of the dispute.

(g) The amount that the court has awarded as a prevailing party fee under ORS 20.190.

(h) Such other factors as the court may consider appropriate under the circumstances of the case.

(a) *The conduct of the parties in the transactions.* Defendant was the community manager for plaintiff homeowner associations. It received monthly assessments or dues, which it was supposed to deposit into separate accounts for each association client and disburse the funds pursuant to instructions. Instead, it put all of the funds it received into one account and not into separate accounts. One of its employees, David Kobbeman, then “inappropriately allocated” (Defendant’s words) or, to put it more plainly, took funds that were being held for Plaintiffs. Defendant then tried to cover up this conduct by sending falsified bank statements and admittedly fraudulent information about these funds to Plaintiffs on a monthly basis. This conduct was reckless, willful, or illegal and supports the requested award. The General Judgment and Money Award awarded judgment on all of Plaintiffs’ claims: breach of contract, negligence, conversion, breach of fiduciary duty, and unfair trade practices.

(b) *The objective reasonableness of claims and defenses.* The court entered the General Judgment and Money Awards based on the pleadings, the declarations of Plaintiffs, and documents containing the admissions of Defendant as to Defendant’s conduct, its inappropriateness, and the damages. Thus, the claims are reasonable. Defendant has not raised any defenses.

(c) *The extent to which an award of fees would deter others from asserting good faith*

(2) A court shall consider the factors specified in subsection (1) of this section in determining the amount of an award of attorney fees in any case in which an award of attorney fees is authorized or required by statute. In addition, the court shall consider the following factors in determining the amount of an award of attorney fees in those cases:

- (a) The time and labor required in the proceeding, the novelty and difficulty of the questions involved in the proceeding and the skill needed to properly perform the legal services.
- (b) The likelihood, if apparent to the client, that the acceptance of the particular employment by the attorney would preclude the attorney from taking other cases.
- (c) The fee customarily charged in the locality for similar legal services.
- (d) The amount involved in the controversy and the results obtained.
- (e) The time limitations imposed by the client or the circumstances of the case.
- (f) The nature and length of the attorney's professional relationship with the client.
- (g) The experience, reputation and ability of the attorney performing the services.
- (h) Whether the fee of the attorney is fixed or contingent.

Page 5 - DECLARATION OF JAMES S. CRANE IN SUPPORT OF MOTION FOR SUPPLEMENTAL ATTORNEY FEES

claims and defenses. This factor is not applicable in this default situation.

(d) *The extent to which an award of fees would deter others from asserting meritless claims and defenses.* This factor is not applicable in this default situation.

(e) *The objective reasonableness of the parties and their diligence in the proceedings.* Plaintiffs have acted reasonably in bringing this lawsuit, obtaining judgment, in seeking to collect the judgment from Defendant's insurer, and in their collection efforts.

(f) *The objective reasonableness of the parties in seeking settlement.* Defendant has not contacted Plaintiffs for settlement.

(g) *The amount awarded as a prevailing party fee under ORS 20.190.* This factor is not applicable here.

14. Addressing the factors in ORS 20.075(2):

(a) *The time and labor required, the novelty and difficulty of the questions involved, and the skill needed to properly perform the legal services.* The time incurred, as reflected on Exhibit 1, was reasonably incurred to, among other things detailed in Exhibit 1: (1) communicate with Defendant's insurer about Plaintiffs' garnishment of insurance proceeds to be paid to Defendant under Defendant's employee dishonesty insurance coverage; (2) garnish said insurance proceeds; (3) serve discovery and hold a judgment debtor examination to obtain information required by Defendant's insurer that Defendant failed to submit in order to perfect its claim under its employee dishonesty insurance coverage; (4) advise and represent Plaintiffs in regard to their participation in criminal proceedings brought by the U.S. Department of Justice against Defendant's employee who embezzled the funds, which involved the possibility of restitution; (5) communicate with Defendant's counsel in regard to collection of the judgment by garnishing insurance proceeds due to Defendant; and (6) communicate directly with the insurance company that issued Defendant's employee dishonesty insurance coverage and its legal counsel, with whom Defendant's policy claim remains pending.

(b) *The likelihood that the acceptance of the particular employment by the attorney*

1 *would preclude other employment.* Not applicable.

2 (c) *The fee customarily charged in the locality for similar legal services.* Not
3 applicable. Attached as Exhibits 3 and 4 are Mr. Cohen's and Mr. Crane's resumes. Mr. Cohen
4 has been an attorney since 1985; Mr. Crane since 1976. Their rates are reasonable for attorneys
5 of their experience.

6 (d) *The amount in controversy and result obtained.* The amount of the General
7 Judgment and Money Award, including damages, fees, and costs awarded, is \$149,014.89; the
8 requested fees for collection are not disproportionate to that amount.

9 (e) *The time limitations imposed by the client or the circumstances of the case.*
10 Plaintiffs believe that they are making progress in obtaining the information from Defendant that
11 will be submitted to Defendant's insurer in order to have the insurer approve Defendant's claim
12 under the employee dishonesty policy. Once all such information is submitted to the insurer,
13 Plaintiffs' counsel intends to send a supplemental writ of garnishment for the amount of this
14 supplemental judgment, thereby obtaining insurance proceeds to pay both the General Judgment
15 and the Supplemental Judgment, which, on information and belief, are the only assets available
16 to pay those judgments.

17 (f) *The nature and length of the attorney's professional relationship with the client.*
18 Landye Bennett Blumstein LLP has represented plaintiff Cedar Lake since April 2012 and
19 plaintiff Decatur Bridgewater since June 2012.

20 (g) *The experience, reputation, and ability of the attorneys.* Mr. Cohen and Mr. Crane
21 are experienced civil litigation attorneys. Their resumes are Exhibits 3 and 4 to this declaration.

22 (h) *Whether the fee is fixed or contingent.* The fee is at fixed hourly rates.

23 COSTS

24 15. As authorized by ORCP 68 A(2), Plaintiffs are entitled to recover costs of \$242.69, to
25 be divided equally between them. Such costs are billed directly to the clients and are not
26 overhead expenses already reflected in the hourly rate or fee. These costs were reasonably and

necessarily incurred and are itemized in Exhibit 2 to this Declaration. Exhibit 2 shows the costs as allocated to each plaintiff by my accounting system, but the plaintiffs have agreed that costs were to be paid equally by each. The costs are summarized as follows:

Witness Fee for Judgment Debtor Exam ("WF")	\$ 70.00
Messenger for service of pleadings	\$ 34.94
Service Fees for Judgment Debtor Exam ("PSF")	\$ 137.75
TOTAL	\$ 242.69

16. Exhibit 2 sets forth the specific basis for the award and amount of fees as required by ORS 20.075.

17. In anticipation of efforts that will be spent in collection proceedings, Plaintiffs seek the additional sum of \$70.00 reasonably estimated to be incurred in continuing collection efforts:

Garnishment Fees ("GRNF")	\$ 35.00
Sheriff Fee ("SC")	\$ 25.00
Messenger ("MDS")	\$ 10.00
Total	\$ 70.00

18. Summarizing the above, Plaintiffs are entitled to the following awards:

Attorney Fees (§§ 9, 10, 11, and 12)	\$ 14,851.82
Costs (§§ 15, 17)	\$ 312.69
TOTAL	\$ 15,164.51

The total of \$15,164.51 is for reasonable and necessary attorney fees and costs, both to be divided equally between Plaintiffs.

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1 I hereby declare that the above statement is true to the best of my knowledge and belief,
2 and that I understand it is made for use as evidence in court and is subject to penalty for perjury.

3 DATED this 18 day of February, 2014.

4 LANDYE BENNETT BLUMSTEIN LLP

5
6 By: 

James S. Crane, OSB #901420
Of Attorneys for Plaintiffs

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14533-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
2/12/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Emails regarding default judgment hearing	T	0.1000	300.0000	30.0000
2/13/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Emails regarding default judgment hearing	T	0.2000	300.0000	60.0000
3/6/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Email from Mr. Brams (.1); draft declaration (.2)	T	0.3000	300.0000	90.0000
3/7/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding status of litigation and prima facie hearing	T	0.1000	330.0000	33.0000
3/7/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Telephone call from and email to insurance attorney	T	0.1000	300.0000	30.0000
3/11/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Draft declaration for John Brams (.3); review judgment regarding possible change (.2); email to Brams regarding dclaration (.1)	T	0.6000	300.0000	180.0000
3/12/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review file and prepare for hearing (.7)	T	0.7000	300.0000	210.0000
3/14/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Prepare for default hearing (.5)	T	0.5000	300.0000	150.0000
3/15/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with client and prepare for hearing, attend hearing (1.0)	T	1.0000	300.0000	300.0000
3/18/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review and fill out garnishment documents (.1); email to attorney Maloney (.1)	T	0.4000	300.0000	120.0000
3/28/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review and revise writs and accompanying documents (.2)	T	0.2000	300.0000	60.0000

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14533-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
3/29/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Telephone conference with attorney for Sentinel Insurance (.1)	T	0.1000	300.0000	30.0000
4/15/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Telephone conference with Mr. Campbell regarding settlement; correspondence with board regarding same	T	0.1000	330.0000	33.0000
5/15/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding status of debtor's exam and preparation of litigation budget	T	0.1000	330.0000	33.0000
5/21/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Correspondence with client regarding estimated out of pocket costs to move through debtor's exam and other immediate steps in the collection process	T	0.1000	330.0000	33.0000
6/17/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review materials to assist James S. Crane with debtors exam; conference with James S. Crane regarding same	T	0.7000	330.0000	231.0000
6/18/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Continue analysis of documents for debtors exam; conference with James S. Crane regarding same	T	0.5000	330.0000	165.0000
7/2/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with Mr. Cox regarding potential argument for preference by bankruptcy trustee; conference with with James S. Crane regarding same	T	0.2000	330.0000	66.0000
7/8/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Telephone conference with Assistant US Attorney regarding potential guilty plea by Mr. Kobbeman; correspondence with client regarding same; conference with James S. Crane regarding same	T	0.2000	330.0000	66.0000
7/17/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Meet with James S. Crane and Patrick T. Foran	T	0.1000	330.0000	33.0000

2/17/2014 10:12 AM

Page: 2

Exhibit 1
2 of 14

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14533-002' and fees and date > 1/24/13 (excluding component flat)

		MatterID/Client Sort				
		Matter Description				
Date	Prof	Narrative	Component Task Code	Units	Price	Value
7/18/2013	PTF	regarding plea and FBI meeting 14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Confer with James S. Crane about case in preparation for FBI investigation meeting;	T	0.2000	180.0000	36.0000
7/20/2013	PTF	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review and respond to e-mail from Department of Justice;	T	0.1000	180.0000	18.0000
7/23/2013	PTF	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review file; prepare for meeting with investigators; e-mails to client about meeting and sentencing heraring;	T	0.5000	180.0000	90.0000
7/24/2013	PTF	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Confer with client; attend sentencing of David Kobbeman; attend meeting with victims and US Assistant Attorney General and FBI Special Investigator; send e-mail memorandum to Stuart K. Cohen and James S. Crane about sentencing and meeting; send e-mail to client with victim impact statement form;	T	1.5000	180.0000	270.0000
7/30/2013	PTF	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Confer with James S. Crane about sentencing of Kobbeman as well as contact information for US Attorney and FBI agent;	T	0.1000	180.0000	18.0000
11/13/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review claim letter to attorney for insurance company	T	0.1000	330.0000	33.0000
11/15/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review correspondence from Mr. Sturm regarding acknowledgement of receipt of claim	T	0.1000	330.0000	33.0000
11/25/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding status of claims and insurance companies request for additional information; review files regarding same	T	0.2000	330.0000	66.0000

Landye Bennett Blumstein LLP / Portland
Transactions Listing Report

Search Description:

matter id = '14533-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
			Grand Total	9.1000		2,517.0000

Landye Bennett Blumstein LLP / Portland

Transactions Summary Report

Search Description:

matter id = '14533-002' and fees and date > 1/24/13 (excluding component flat)

	Units	Price	Value	Write-up/dn	Ext. Amount
<i>Professional: Stuart K. Cohen</i>					
	2.5000	3,960.0000	825.0000	0.00	825.00
<i>Professional: James S. Crane</i>					
	4.2000	3,300.0000	1,260.0000	0.00	1,260.00
<i>Professional: Patrick T. Foran</i>					
	2.4000	900.0000	432.0000	0.00	432.00
	9.1000		2,517.0000	0.00	2,517.00

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
2/6/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive and respond to correspondence from client inquiring about status of cases	T	0.1000	330.0000	33.0000
2/12/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Email regarding default judgment hearing	T	0.1000	300.0000	30.0000
2/13/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Emails regarding default judgment hearing	T	0.2000	300.0000	60.0000
2/25/2013	SGB	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare Hearing Subpoena Duces Tecum for CPA Bram; confer with James S. Crane regarding same.	T	1.1000	140.0000	154.0000
3/6/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review email from Mr. Brams (.1); Draft Brams declaration (.2)	T	0.3000	300.0000	90.0000
3/7/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone call from and email to insurance attorney	T	0.1000	300.0000	30.0000
3/11/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft affidavit for John Brams and email to Brams (.3); brief review of form of judgment regarding possible change (.2); email to Mr. Adams (.1)	T	0.6000	300.0000	180.0000
3/12/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review file and prepare for default judgment hearing (.5)	T	0.7000	300.0000	210.0000
3/14/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare for default hearing (.5)	T	0.5000	300.0000	150.0000
3/15/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with client regarding default hearing and attend hearing (1.0)	T	1.0000	300.0000	300.0000
3/18/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review and fill out garnishment documents (.3);	T	0.4000	300.0000	120.0000

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

MatterID/Client Sort		Matter Description	Component Task Code	Units	Price	Value
Date	Prof					
		email to attorney Maloney regarding judgment (.1)				
3/19/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.1000	300.0000	30.0000
		Emails with Mr. Watson regarding press interview				
3/20/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.1000	300.0000	30.0000
		Email with Mr. Watson (.1)				
3/28/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.2000	300.0000	60.0000
		Review and proof writs and accompanying documents (.2)				
3/29/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.1000	300.0000	30.0000
		Telephone conference with attorney for Sentinel Insurance (.1)				
4/4/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.1000	330.0000	33.0000
		Conference with James S. Crane regarding status of garnishment; correspondence with Mr. Lloyd regarding request for policy information				
4/9/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.4000	300.0000	120.0000
		Draft payment demand letter to defendant (.2); email to clients regarding status (.2)				
4/10/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.7000	300.0000	210.0000
		Review letter from attorney for Sentinel Insurance (.2); telephone conference with attorney for Sentinel Insurance (.2); analyze issues (.2); email to clients regarding status (.1)				
4/11/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.2000	300.0000	60.0000
		Legal research regarding creditor's remedies (.2)				
4/15/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.6000	300.0000	180.0000
		Brief legal research regarding creditor's bill (.2); status report to Stuart K. Cohen (.2); email to attorney Sturm regarding creditor's bill (.2)				

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Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
4/15/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Provide status report to client for annual meeting and request to provide discovery documents	T	0.2000	330.0000	66.0000
4/19/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review and analyse letter from Sentinel's counsel (.2); telephone conference with Sentinel's counsel regarding same (.2); memorandum to Stuart K. Cohen (.1);	T	0.5000	300.0000	150.0000
4/23/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive and review materials from client regarding State Farm claim; correspondence with client regarding same; receive discovery materials from client; review same and gather additional documents; correspondence with client regarding same	T	0.9000	330.0000	297.0000
5/3/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review laws regarding collection of judgment (.2); draft interrogatories (.5)	T	0.7000	300.0000	210.0000
5/7/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Update to client	T	0.1000	300.0000	30.0000
5/9/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Emails with Sentiinel counsel (.3)	T	0.3000	300.0000	90.0000
5/15/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with with James S. Crane regarding status of debtor's exam and budget for same	T	0.1000	330.0000	33.0000
5/21/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Attend ex parte for judgment debor hearing (.7)	T	0.7000	300.0000	210.0000
5/22/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft subpoena duces tecum for Seintine (.3); Telephone conference with attorney for Sentinel and review email from same;	T	0.6000	300.0000	180.0000

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
5/28/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review and respond to email from attorney for Sentinel Insurance	T	0.2000	300.0000	60.0000
5/29/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone conference with attorney for insurance company regarding subpoena	T	0.2000	300.0000	60.0000
6/7/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review and respond to email from attorney Sturm for Sentinel (.1)	T	0.1000	300.0000	30.0000
6/10/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review and respond to email regarding status (.1);	T	0.1000	300.0000	30.0000
6/11/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone conference with attorney for Sentinel regarding subpoena (.2); revise subpoena (.2)	T	0.4000	300.0000	120.0000
6/17/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review materials to assist James S. Crane with debtors exam; conference with James S. Crane regarding same	T	0.7000	330.0000	231.0000
6/17/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review documents from Sentinel Insurance Co. and prepare for judgment debtor exam (2.0)	T	2.0000	300.0000	600.0000
6/18/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Continue analysis of documents for debtors exam; conference with James S. Crane regarding same	T	0.5000	330.0000	165.0000
6/18/2013	JFL	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare hearing exhibits; deliver materials to courtroom during hearing;	T	1.0000	150.0000	150.0000
6/18/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare for and attend Judgment Debtor exam (2.0); email to clients regarding same (.2)	T	2.2000	300.0000	660.0000

Landye Bennett Blumstein LLP / Portland
Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
7/2/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with Mr. Cox regarding potential argument for preference by bankruptcy trustee; conference with James S. Crane regarding same	T	0.2000	330.0000	66.0000
7/2/2013	CTC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Cponf w S Cohen regarding preference risk in bankruptcy for garnishment	T	0.2000	410.0000	82.0000
7/8/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone conference with US Attorney regarding potential guilty plea and sentencing; correspondence with client regarding same	T	0.2000	330.0000	66.0000
7/17/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane and Patrick T. Foran regarding plea and FBI meeting	T	0.1000	330.0000	33.0000
7/18/2013	PTF	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Confer with James S. Crane about case in preparation for FBI investigation meeting;	T	0.2000	180.0000	36.0000
7/20/2013	PTF	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review and respond to e-mail from Department of Justice;	T	0.1000	180.0000	18.0000
7/23/2013	PTF	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare for meeting with investigators; review pleadings; e-mails to and from client representatives about meeting and sentencing;	T	0.5000	180.0000	90.0000
7/24/2013	PTF	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Confer with client; attend sentencing of David Kobbeman; attend meeting with victims and US Assistant Attorney General and FBI Special Investigator; send e-mail memorandum to Stuart K. Cohen and James S. Crane about sentencing and meeting; send e-mail to client with victim impact statement form;	T	1.5000	180.0000	270.0000

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
7/29/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review Lloyd's responses to interrogatories (.3); telephone call to Lloyd's attorney regarding documents (.2)	T	0.5000	300.0000	150.0000
7/30/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review documents from Lloyd (.5); review documents from Sentinel (.3); email to attorney Griffith (.2); analyze issues to complete proof of claim (.3)	T	1.3000	300.0000	390.0000
7/30/2013	PTF	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Confer with James S. Crane about sentencing of Kobbeman as well as contact information for US Attorney and FBI agent;	T	0.1000	180.0000	18.0000
8/5/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Email to client regarding status	T	0.2000	300.0000	60.0000
8/12/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review email from attorney for NW Empire	T	0.1000	300.0000	30.0000
8/14/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft motion for supplemental judgment, declaration, and supplemental judgment; review email from attorney Griffin	T	2.8000	300.0000	840.0000
8/16/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Revise motion for supplemental judgment (.2)	T	0.2000	300.0000	60.0000
8/26/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone conference with attorney Griffith (.2)	T	0.2000	300.0000	60.0000
10/1/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review documents from attorney Griffith (.3); reveiw file for documents to add to insurance claim (.3); telephone call to attorney Griffith (.2); email to clients (.2)	T	1.0000	300.0000	300.0000

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
10/2/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review materials from attorney Griffiths	T	0.5000	300.0000	150.0000
10/9/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review Lloyd affidavit and email to Griffin regarding same	T	0.1000	300.0000	30.0000
11/11/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive and respond to correspondence from client regarding status of claim	T	0.1000	330.0000	33.0000
11/13/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review claim letter to attorney for insurance company	T	0.1000	330.0000	33.0000
11/15/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review correspondence from Mr. Sturm regarding acknowledgement of receipt of claim	T	0.1000	330.0000	33.0000
11/25/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding status of claims and insurance companies request for additional information; review files regarding same	T	0.2000	330.0000	66.0000
11/25/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone conference with attorney Sturm regarding status of insurance claim (.2); review documents submitted to insurer (.2)	T	0.4000	300.0000	120.0000
11/26/2013	JFL	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Excerpt Chase Bank statements from document production and burn disks of same;	T	0.4000	150.0000	60.0000
1/6/2014	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive correspondence from client regarding status; conference with James S. Crane regarding same	T	0.1000	350.0000	35.0000
1/7/2014	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Correspondence with James S. Crane regarding	T	0.1000	350.0000	35.0000

2/17/2014 10:14 AM

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Exhibit 1
12 of 14

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

Date	Prof	MatterID/Client Sort	Component Task Code	Units	Price	Value
		Matter Description Narrative				
		status of claim; correspondence with Mr. Watson regarding same				
1/20/2014	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.1000	350.0000	35.0000
		Correspondence with client regarding status of claim and statute of limitations issue				
1/28/2014	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.6000	300.0000	180.0000
		Review emails from attorney Griffith (.1); download and review documents from Dropbox (.3); letter to attorney Sturm (.2)				
1/28/2014	JFL	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation	T	0.2000	150.0000	30.0000
		Download and burn disk of documents provided by Griffith;				
Grand Total				31.5000		8,891.0000

Landye Bennett Blumstein LLP / Portland

Transactions Summary Report

Search Description:

matter id = '14501-002' and fees and date > 1/24/13 (excluding component flat)

	Units	Price	Value	Write-up/dn	Ext. Amount
<i>Professional: Stuart K. Cohen</i>	3.9000	5,670.0000	1,293.0000	0.00	1,293.00
<i>Professional: James S. Crane</i>	22.3000	12,600.0000	6,690.0000	0.00	6,690.00
<i>Professional: Conde T. Cox</i>	0.2000	410.0000	82.0000	0.00	82.00
<i>Professional: Patrick T. Foran</i>	2.4000	900.0000	432.0000	0.00	432.00
<i>Professional: Sandra G. Bledsoe</i>	1.1000	140.0000	154.0000	0.00	154.00
<i>Professional: Joseph F. Larson</i>	1.6000	450.0000	240.0000	0.00	240.00
	31.5000		8,891.0000	0.00	8,891.00

Landye Bennett Blumstein LLP / Portland
Transactions Summary Report

Search Description:

matter id = '14533-002' and soft costs and date > 1/24/13

	Units	Price	Value	Write-up/dn	Ext. Amount
<i>Component: DR</i>					
	462.9667	4.9500	69.4450	0.00	69.45
	462.9667		69.4450	0.00	69.45

Landye Bennett Blumstein LLP / Portland
Transactions Summary Report

Search Description:

matter id = '14501-002' and soft costs and date > 1/24/13

	Units	Price	Value	Write-up/dn	Ext. Amount
Component: DR					
	2,953.9667	52.3500	443.0950	0.00	443.10
Component: PST					
	3.0000	11.9200	11.9200	0.00	11.92
	<u>2,956.9667</u>		<u>455.0150</u>	<u>0.00</u>	<u>455.02</u>

Landy Bennett Blumstein LLP / Portland
Transactions Listing Report

Search Description:

matter id = '14501-002' and hard costs and date > 1/24/13 (excluding component mcah)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
Component: DRO						
9/10/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation DTI	DRO	1.0000	229.3500	229.3500
			Component: DRO	1.0000		229.3500
Component: MDS						
2/12/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation MercuryPDX LLC	MDS	1.0000	5.4200	5.4200
4/10/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation MercuryPDX LLC	MDS	1.0000	5.4100	5.4100
6/19/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation MercuryPDX LLC	MDS	1.0000	4.7200	4.7200
7/11/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation MercuryPDX LLC	MDS	1.0000	4.6000	4.6000
11/25/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation MercuryPDX LLC	MDS	1.0000	14.7900	14.7900
			Component: MDS	5.0000		34.9400
Component: PSF						
6/7/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Nationwide Process Service, Inc.	PSF	1.0000	65.5000	65.5000
6/13/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Nationwide Process Service, Inc.	PSF	1.0000	72.2500	72.2500
			Component: PSF	2.0000		137.7500

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

matter id = '14501-002' and hard costs and date > 1/24/13 (excluding component mcah)

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
Component: WF						
2/26/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation John Brams, CPA	WF	1.0000	35.0000	35.0000
5/22/2013		14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation John Brams, CPA	WF	1.0000	35.0000	35.0000
			Component: WF	2.0000		70.0000
			Grand Total	10.0000		472.0400

STUART KENNETH COHEN
 1300 S.W. Fifth Avenue, Suite 3500
 Portland, Oregon 97201
 Telephone: (503) 224-4100

EXPERIENCE

- 1998-Present LANDYE BENNETT BLUMSTEIN LLP Portland, OR
 Partner: Intellectual property rights, litigation, computer law, and real estate transactions.
- 1989-1998 COHEN & WU Portland, OR
 Partner: Real estate transactions, business transactions, intellectual property rights, litigation, and computer law.
- 1987-89 BAUER, HERMANN, FOUNTAIN & RHOADES, P.C. Portland, OR
 Associate: Intellectual property rights, computer and franchise law. Development of a form system of technology agreements; standardization of trademark registration process. Engineered software protection strategies through licenses, escrow agreements and copyright registrations. Successful defense of litigation regarding breach of software license agreement. Prosecution of trademark registrations. Drafting of agreements for international and domestic software distribution. Participation in all phases of the conversion of a major financial institution's in-house data processing center to a service bureau.
- 1985-87 BERNARD, KNEELAND, CRAWFORD & BROPHY Portland, OR
 Associate: Corporate counsel to a large automobile distributor; duties included analysis of distributor agreements, franchise termination and franchise rights; litigation support of creditor's rights, commercial law, real property and construction law matters; negotiation of real property transactions, drafting of product development and confidentiality agreements.
- 1982-85 HERMANN & ASSOCIATES Portland, OR
 Law Clerk: Land use and real estate matters, intellectual property rights, computer law and litigation support. General counsel to a software house; research of copyright and trademark questions; drafting of software licenses, dealership and confidentiality agreements.
- Summer 1984 WITHERSPOON, KELLEY, DAVENPORT & TOOLE Spokane, WA
 Law Clerk: Litigation support and counsel to a financial institution. Research and drafting of documents in the areas of creditor's rights and commercial law. Preparation for and participation in a two week trial involving the enforcement of a shareholder agreement for the sale of a closely held construction business.

EDUCATION

- 1982-85 NORTHWESTERN SCHOOL OF LAW OF LEWIS & CLARK COLLEGE
Portland, OREGON
J.D. with Honors. Awards: Outstanding Oral Advocacy; American Jurisprudence Award; Wills/Trust/Future Interests and Torts II.
- 1981 UNIVERSITY OF BATH Bath, ENGLAND
Finance/European History
- 1978-82 WHITMAN COLLEGE Walla Walla, WASHINGTON
B.A. Economics - Minor: History
- 1974-78 ROBERT LOUIS STEVENSON SCHOOL Pebble Beach, CALIFORNIA
Outstanding Athlete: Swimming

ORGANIZATIONS/COMMITTEES

- 2003-Present COMMUNITY ASSOCIATIONS INSTITUTE, Past President, current board member
- 1988-Present OREGON STATE BAR COMPUTER LAW SECTION: Past Chairman, Newsletter Editor, Secretary and Board Member
- 1985-Present OREGON STATE BAR REAL ESTATE & LAND USE SECTION: Member
- 1988-2003 PACIFIC RIM COMPUTER LAW INSTITUTE: Speaker, Planning Committee Member, and Chairman
- 1987-89 TIGARD CITY CENTER REVITALIZATION TASK FORCE:
Chairman Award: Key to City of Tigard
- 1989 CITIZENS FOR TIGARD: Chairman
- 1987-Present TIGARD ROTARY: Board Member, Secretary, Past President, District Governor's Representative, and Couple of the Year (1997)
- 1985-87 PORTLAND ROTARACT: Vice-President, Treasurer, Board Member
- 1985-Present OREGON STATE BAR: Active Member
- 1985-Present U.S. DISTRICT COURT - OREGON
- 1995-1999 FOREST HEIGHTS HOMEOWNERS ASSOCIATION: Board of Directors, Secretary, and Chairman Homeowners Advisory Board, Legal Counsel
- 1996-Present TIGARD ROTARY FOUNDATION: Chairman of the Board and Board Member

INTERESTS

International travel, scuba diving, skiing, white-water rafting, and gourmet cooking

JAMES S. CRANE

Experience Summary

Jim Crane is a partner in Landye Bennett Blumstein LLP's Portland office and has practiced business, insurance, real estate, and environmental litigation with the firm since 1978.

Mr. Crane started as an associate in the firm's Anchorage office, where his clients included Alaska Native Village and Regional Corporations in business and corporate litigation and on issues arising under the Alaska Native Claims Settlement Act. He and his family moved to Portland in 1990. Prior to Landye Bennett Blumstein, Mr. Crane worked for Johnson, Christenson, Shamberg, and Glass in Anchorage, representing individuals on a wide variety of legal matters, and Teamsters Local 959 on labor issues. Before law school, Mr. Crane worked for the Appalachian Regional Commission in Washington D.C. as a researcher, grant specialist, and analyst in the areas of education, housing, and solid waste disposal.

Admissions

State of Alaska, 1976; United States Supreme Court, 1977, U.S. Ninth Circuit Court of Appeals, 1976; U.S. District Court for the District of Alaska, 1976; State of Oregon, 1990; U.S. District Court for the District of Oregon, 1990; State of Washington, 2002

Education

JD – Northeastern University School of Law, 1976
MA – University of Toronto, Political Economy, 1971
BA – University of California, Santa Cruz, Politics (with Honors), 1970

Professional Organizations

American Bar Association, Torts and Insurance Practice Section; Litigation Section; Oregon State Bar Association; Multnomah County Bar Association; Alaska Bar Association; American Association for Justice; Oregon Trial Lawyers Association; Washington Bar Association; Washington Association for Justice.

Publications/Speeches

Mr. Crane has written and spoken on environmental insurance law for the Oregon State Bar, and on spoliation of evidence for the Aviation Section of the Oregon State Bar and the Oregon Trial Lawyers Association.

Representative Cases

King v. Teamsters, 572 P2d 1168 (Alaska 1977) (appeal on issues of arbitration of labor dispute; punitive damages)

Gay Coalition of Anchorage v. Sullivan, 578 P2d 951 (Alaska 1978) (attorney for amicus curiae ACLU on free speech issues)

Donnelly v. Eklutna, Inc., 973 P2d 87 (Alaska 1999) (appeal on Alaska Native Claims Settlement Act issues)

Koniag, Inc. v. Koncor, et al., U.S. District Court for the District of Alaska (1992-1994) (Interpretation of rights of owners of surface and subsurface estates to sand and gravel under the Alaska Native Claims Settlement Act – pleadings, motions, discovery, trial, appeal)

CNA, et al. v. General Metals of Tacoma, Inc., U.S. District Court for Western District of Washington, 1992-1994 (environmental insurance recovery -- pleadings, discovery, motions).

Malarkey Asphalt Company, Seattle Washington (1995-2003) (environmental insurance recovery and private party cost recovery of 100% of client's claim through settlement without litigation).

City of Seattle v. Malarkey Asphalt Company, King County Superior Court, Washington, 2006-2008 (environmental cost recovery, pleadings, discovery, motions)

Eager v. State of Oregon Department of Fish and Wildlife, Multnomah County Circuit Court, Oregon, 2010-2011 (constitutional challenge to non-resident commercial fishing license and permit fees)

Strawn v. Farmers Insurance Co., et al., Multnomah County Circuit Court, Oregon 1999-2014 (consumer fraud in auto insurance)

CERTIFICATE OF SERVICE

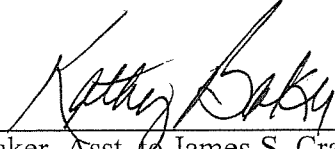
I hereby certify that on February 18, 2014, I served the foregoing **DECLARATION OF JAMES S. CRANE IN SUPPORT OF PLAINTIFFS' MOTION FOR AWARD OF SUPPLEMENTAL ATTORNEY FEES AND COSTS AND SUPPLEMENTAL JUDGMENT** on the following individual:

William Tyler Griffith
William Tyler Griffith AAL
819 SE Morrison St., Rm. 255
Portland, OR 97214
Tel: 503-360-8881
williamtylergriffith@gmail.com

Of Attorneys for Sentinel Insurance Company

by first class U.S. mail.

LANDYE BENNETT BLUMSTEIN LLP


Kathy Baker, Asst. to James S. Crane
Of Attorneys for Plaintiffs

FILED

13 JUN 18 PM 2: 44

CIRCUIT COURT
FOR MULTNOMAH COUNTY

IN THE CIRCUIT COURT FOR THE STATE OF OREGON

FOR THE COUNTY OF MULTNOMAH

5 **CEDAR LAKE HOMEOWNERS**
6 **ASSOCIATION**, an Oregon domestic
7 **BRIDGEWATER VISTA**
8 **CONDOMINIUMS OWNERS'**
9 **ASSOCIATION**, an Oregon domestic
10 nonprofit corporation,

Plaintiffs,

v.

11 **NORTHWEST EMPIRE**
12 **COMMUNITY MANAGEMENT,**
13 **INC.**, fka Professional Community
14 Management, Inc., an Oregon
15 corporation,

Defendant.

Case No. 1211-14420

ACCEPTANCE OF SERVICE

ENTERED

JUN 26 2013

IN REGISTER NM

15 Due service of the within Subpoena Duces Tecum – Judgment Debtor Examination for
16 June 18, 2013, at 11:00 am, is hereby accepted on behalf of defendant Northwest Empire
17 Community Management, Inc. (“Defendant”). The undersigned warrants his authority to accept
18 service on behalf of Defendant and hereby waives any defect to the manner of service and
19 content of the Subpoena Duces Tecum – Judgment Debtor Examination served upon Defendant.

20 DATED this 14 day of June, 2013.

21 MALONEY LAUERSDORF & REINER

22
23 By: 

24 Kyle A. Stumm
25 Of Attorneys for Defendant
26

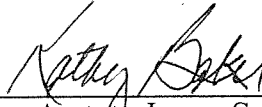
CERTIFICATE OF SERVICE

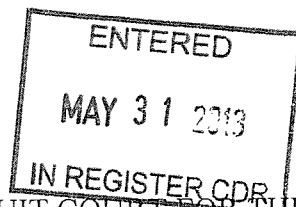
I hereby certify that on June 17, 2013, I served the foregoing **ACCEPTANCE OF SERVICE** on the following individual:

Kyle A. Sturm
Maloney Lauersdorf Reiner PC
117 SW Taylor St., Suite 300
Portland, OR 97204
ks@coveragelit.com

by first class U.S. mail.

LANDYE BENNETT BLUMSTEIN LLP


Kathy Baker, Asst. to James S. Crane
Of Attorneys for Plaintiffs



FILED

13 MAY 23 PM 3:03

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

**ORDER FOR JUDGMENT DEBTOR
EXAMINATION OF JUDGMENT
DEBTOR AND RESTRAINING ORDER**

This matter was heard on Plaintiffs' Motion for Examination of Judgment Debtor (Ex Parte), and it appearing from the Declaration of James S. Crane and the records and files herein that the judgment in this matter is unsatisfied and a notice of demand to pay judgment within 10 days was attempted to be served on Defendant in a manner provided by law; therefore, it is hereby

ORDERED that Gregory Lloyd, who is or was president of Northwest Empire Community Management, Inc., Defendant, appear before the presiding judge of the above-entitled court in Room No. 208 of the Multnomah County Courthouse, Portland, Oregon, on Tuesday, June 18, 2013, at the hour of 11:00 a.m., and answer under oath questions concerning any property or interest in property that defendant may have or claim; and it is further

ORDERED that Gregory Lloyd then and there produce for inspection and copying the following documents of Defendant:

1 1. All documents concerning claims made with Sentinel Insurance Company, Limited
2 (The Hartford) within the past 24 months under policy number 52 SBA PV0811SC and policy
3 number 52 SBA ZV5572SC;

4 2. All documents concerning communications with Sentinel Insurance Company
5 Limited (The Hartford) within the past 24 months, including but not limited to letters, emails,
6 text messages, claims submitted, proofs of claim, proofs of loss, affidavits, notes of
7 communications, and memoranda of communications, and all documents transmitted with such
8 communications;

9 3. All documents concerning claims made with Philadelphia Insurance Companies
10 within the past 24 months under policy number PHSD697856 and any predecessor policy;

11 4. All documents concerning communications with Philadelphia Insurance Companies
12 within the past 24 months, including but not limited to letters, emails, text messages, claims
13 submitted, proofs of claim, proofs of loss, affidavits, notes of communications, and memoranda
14 of communications, and all documents transmitted with such communications;

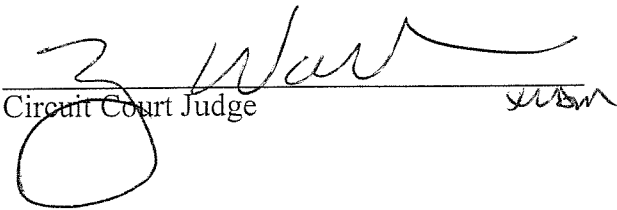
15 5. All documents concerning communications with any insurance agent or broker
16 concerning any general liability insurance policy, director and officers insurance policy, and/or
17 employee dishonesty insurance policy made within the past 24 months, including but not limited
18 to letters, emails, text messages, tweets, claims submitted, proofs of claim, proofs of loss,
19 affidavits, notes of communications, and memoranda of communications, and all documents
20 transmitted with such communications;

21 6. Ledgers or other financial records showing all transfers to and withdrawals during the
22 last 48 months by any officer, director, shareholder, or manager of Northwest Empire
23 Community Management, Inc. of corporate funds or property and/or of funds held by Northwest
24 Empire Community Management, Inc. for the benefit of its client homeowner associations. Such
25 transfers and withdrawals include without limitation compensation, salaries, loans, dividends,
26 reimbursements, unauthorized transfers or withdrawals, or otherwise, which have been made to

1 or for any officer, director, shareholder, or manager during the last 48 months. 2. Restraining
2 defendant from selling, transferring, or in any manner disposing of any of defendant's property
3 liable to execution or garnishment, pending this proceeding; and it is further

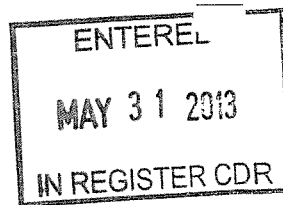
4 ORDERED that Defendant be, and hereby is, restrained from selling, transferring, or in
5 any manner disposing of any of Defendant's property liable to execution or garnishment,
6 including but not limited to any proceeds received on account of insurance claims submitted
7 within the past 24 months, pending this proceeding.

8 DATED: 5/22, 2013.

9
10 
11 Circuit Court Judge
12
13

14 Submitted by:

15 James S. Crane, OSB #90142
16 Landye Bennett Blumstein LLP
17 Of Attorneys for Plaintiffs
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FILED
13 MAY 23 PM 3:03
CIRCUIT COURT
FOR MULTNOMAH COUNTY

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT,
INC.**, fka Professional Community
Management, Inc., an Oregon
corporation,

Defendant.

Case No. 1211-14420

**DECLARATION OF JAMES S. CRANE IN
SUPPORT OF MOTION FOR
EXAMINATION OF JUDGMENT DEBTOR**

JAMES S. CRANE declares as follows:

1. I am an attorney with Landye Bennett Blumstein LLP, counsel for the plaintiffs in this case.

2. On or about May 9, 2013, I caused a notice of demand to pay judgment to be deposited in the U.S. mail by certified mail, return receipt requested, postage prepaid, in a sealed envelope addressed to Northwest Empire Community Management, Inc., Defendant, at 3000 NE Sandy Blvd., Portland OR 97232.

3. A true copy of the demand is Exhibit 1 to this declaration.

4. The judgment remains unsatisfied.

I hereby declare that the above statement is true to the best of my knowledge and belief,

////

////

Page 1 - DECLARATION OF JAMES S. CRANE IN SUPPORT OF MOTION FOR
EXAMINATION OF JUDGMENT DEBTOR

LANDYE BENNETT BLUMSTEIN LLP

Attorneys at Law
1300 SW Fifth Avenue, Suite 3500
Portland, Oregon 97201
503.224-4100
503.224-4133 (facsimile)

720747.14501-002

1 and that I understand it is made for use as evidence in court and is subject to penalty for perjury.

2 DATED this 20th day of May, 2013.

3 LANDYE BENNETT BLUMSTEIN LLP

4
5 By: 

6 Stuart K. Cohen, OSB #851738
7 James S. Crane, OSB #901420
8 Of Attorneys for Plaintiffs
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Page 2 - DECLARATION OF JAMES S. CRANE IN SUPPORT OF MOTION FOR
EXAMINATION OF JUDGMENT DEBTOR

720747.14501-002

LANDYE BENNETT BLUMSTEIN LLP

Attorneys at Law
1300 SW Fifth Avenue, Suite 3500
Portland, Oregon 97201
503.224-4100
503.224-4133 (facsimile)

LANDYE BENNETT
BLUMSTEIN LLP
 ATTORNEYS

JAMES S. CRANE
 jcrane@lbblawyers.com
 Admitted in Oregon, Washington, Alaska

May 9, 2013

Certified Mail/Return Receipt Requested
Article 7196 9008 9111 8542 5444

Certified Article Number

7196 9008 9111 8542 5444

SENDERS RECORD

Mr. Gregory Lloyd
 Northwest Empire Community Management, Inc.
 3800 NE Sandy Blvd., #104
 Portland, OR 97232

**Re: Cedar Lake Homeowners Association and Decatur Bridgewater Vista
 Condominium Owners Association v. Northwest Empire Community
 Management, Inc.
 Multnomah County Circuit Court Case No. 1211-14420**

Dear Mr. Lloyd:

This firm represents the plaintiffs in the above-referenced matter. Pursuant to ORS 18.265, plaintiffs hereby demand that defendant Northwest Empire Community Management, Inc. **pay within ten (10) days of the date of this letter** the amount of the judgment set forth below by remitting the amount to this office. A copy of the judgment is enclosed. The judgment was entered in Multnomah County Circuit Court on March 27, 2013:

Judgment:	\$149,014.89
Writ of Garnishment:	\$29.50
PostJudgment Interest 3/28-5/9/2013 at \$36.74/day	\$1,579.82
Total Before Additional Postjudgment Interest	\$150,624.21

Defendant must include additional postjudgment interest in the amount of \$36.74 per day beginning on May 10, 2013 until the date of payment.

Please contact me if you have any questions.

Very truly yours,

James S. Crane

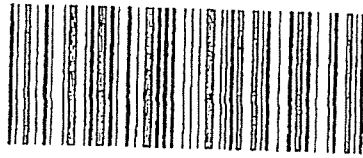
/kb
 Enclosure

cc: Stuart Cohen (via email w/o enc.)
 Neill Fishman (via email w/o enc.)
 Robert S. Watson (via email w/o enc.)



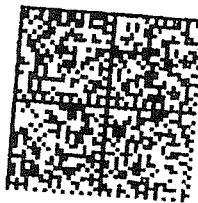
LANDYE BENNETT
RITA ACTTIN LLP
E Y S

1300 Southwest Fifth Avenue, Suite 3500 • Portland, Oregon 97201



7196 9008 9111 8542 5444
RETURN RECEIPT REQUESTED

Mr. Gregory Lloyd
Northwest Empire Community Management, Inc.
3800 NE Sandy Blvd., #104
Portland, OR 97232



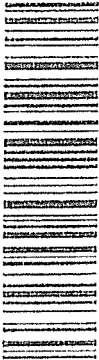
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049J82039581
\$06.310
05/09/2013
Mailed From 97201
US POSTAGE

C

RETURN RECEIPT REQUESTED
USPS® MAIL CARRIER
DETACH ALONG PERFORATION

Thank you for using Return Receipt Service

<p>2. Article Number</p> <p>7196 9008 9111 8542 5444</p> 	
<p>3. Service Type CERTIFIED MAIL™</p>	
<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>1. Article Addressed to:</p> <p>Mr. Gregory Lloyd Northwest Empire Community Management, Inc. 3800 NE Sandy Blvd., #104 Portland, OR 97232</p>	
<p>James S. Crane Landye Bennett Blumstein LLP 1300 SW 5th Avenue Suite 3500 Portland, OR 97201</p>	
<p>PS Form 3811, January 2005 Domestic Return Receipt</p>	

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)	B. Date of Delivery
C. Signature	
<p>D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	

Return Receipt Service



7196 9008 9111 8542 5444

TO: Mr. Gregory Lloyd
 Northwest Empire Community Management,
 Inc.
 3800 NE Sandy Blvd., #104
 Portland, OR 97232

SENDER: James S. Crane

REFERENCE: 14501-002

PS Form 3800, January 2005

RETURN RECEIPT SERVICE	Postage	0.46
	Certified Fee	3.10
	Return Receipt Fee	2.55
	Restricted Delivery	0.00
	Total Postage & Fees	6.11

USPS®
Receipt for
Certified Mail™

No Insurance Coverage Provided
 Do Not Use for International Mail

POSTMARK OR DATE

2. Article Number



7196 9008 9111 8542 5444

3. Service Type **CERTIFIED MAIL™**4. Restricted Delivery? (Extra Fee) ☐ Yes

1. Article Addressed to:

Mr. Gregory Lloyd
 Northwest Empire Community
 Management, Inc.
 3800 NE Sandy Blvd., #104
 Portland, OR 97232

James S. Crane
 Landye Bennett Blumstein LLP
 1300 SW 5th Avenue
 Suite 3500
 Portland, OR 97201

COMPLETE THIS SECTION ON DELIVERY

A. Received by: (Please Print Clearly)

B. Date of Delivery

Laura Delaney 5/10/13

C. Signature

☐ Agent
☐ Addressee
☐ Yes
☐ No

D. Is delivery address different from item 1?
 If YES, enter delivery address below:

LANDYE BENNETT
 BLUMSTEIN LLP
 MAY 13 2013

PS Form 3811, January 2005

Domestic Return Receipt

FILED

13 MAY 23 PM 3: 03

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

**PLAINTIFFS' MOTION FOR
EXAMINATION OF JUDGMENT
DEBTOR (EX PARTE)**

Plaintiffs move for an order:

1. Requiring Gregory Lloyd, President of defendant Northwest Empire Community Management, Inc., to appear at a time and place to be fixed by the court and answer under oath questions concerning any property or interest in property that Defendant may have or claim, and then and there to produce the following documents of Defendant:

- a. All documents concerning claims made with Sentinel Insurance Company, Limited (The Hartford) within the past 24 months under policy number 52 SBA PV0811SC and policy number 52 SBA ZV5572SC;
- b. All documents concerning communications with Sentinel Insurance Company Limited (The Hartford) within the past 24 months, including but not limited to letters, emails, text messages, tweets, claims submitted, proofs of claim, proofs of loss, affidavits, notes of communications, and

memoranda of communications, and all documents transmitted with such communications;

c. All documents concerning claims made with Philadelphia Insurance Companies within the past 24 months under policy number PHSD697856 and any predecessor policy;

d. All documents concerning communications with Philadelphia Insurance Companies within the past 24 months, including but not limited to letters, emails, test messages, tweets, claims submitted, proofs of claim, proofs of loss, affidavits, notes of communications, and memoranda of communications, and all documents transmitted with such communications;

e. All documents concerning communications with any insurance agent or broker concerning any general liability insurance policy, director and officers' insurance policy, and/or employee dishonesty insurance policy made within the past 24 months, including but not limited to letters, emails, test messages, tweets, claims submitted, proofs of claim, proofs of loss, affidavits, notes of communications, and memoranda of communications, and all documents transmitted with such communications;

f. Ledgers or other financial records showing all transfers to and withdrawals during the last 48 months by any officer, director, shareholder, or manager of Northwest Empire Community Management, Inc. of corporate funds or property and/or of funds held by Northwest Empire Community Management, Inc. for the benefit of its client homeowner associations. Such transfers and withdrawals include without limitation compensation, salaries, loans, dividends, reimbursements, unauthorized transfers or

This motion is based on ORS 18.265 the records and files herein, and the Declaration of James S. Crane filed herewith of a notice of demand to pay the judgment within 10 days.

LANDYE BENNETT BLUMSTEIN LLP

Stuart K. Cohen, OSB #851738
James S. Crane, OSB #901420
Of Attorneys for Plaintiffs

CIRCUIT COURT OF THE STATE OF OREGON FOR THE COUNTY OF MULTNOMAH

CEDAR LAKE HOMEOWNERS ASSOCIATION, and
Oregon domestic nonprofit corporation; and DECATUR
BRIDGEWATER VISTA CONDOMINIUMS
OWNERS' ASSOCIATION, an Oregon domestic
nonprofit Corporation,

Plaintiffs,

v.

NORTHWEST EMPIRE COMMUNITY
MANAGEMENT, INC., fka Professional Community
Management, Inc., an Oregon corporation,

Defendant.

GARNISHEE RESPONSE

Case No. 1211-14420

FILED
13 APR -4 PM 1:33
CIRCUIT COURT
FOR MULTNOMAH COUNTY

The writ of garnishment was delivered to me on the 28th day of March, 2013. The following responses are accurate and complete as of that date.

PART I: DEBTOR'S PROPERTY GENERALLY
(ALL GARNISHEES MUST FILL OUT THIS PORTION OF THE RESPONSE)

Place a check in front of all the following statements that apply. You may need to check more than one statement.

- ☐ I have discovered that a voluntary or involuntary bankruptcy petition has been filed by or on behalf of the Debtor after the date shown on the face of the writ as the date on which the judgment was entered against the Debtor or after the debt otherwise became subject to garnishment. (You need not complete any other part of this response, but you must sign the response and deliver it in the manner specified in Step 2 of the Instructions to Garnishee form.)
- ☐ I do not employ the Debtor, I do not have in my possession, control or custody any personal property of the Debtor, and I do not owe any debts or other obligations to the Debtor.
- ☐ I employ the Debtor. (You must complete Part II of this response.)
- ☐ I have in my possession, control or custody garnishable money that belongs to the Debtor (other than wages), or I owe a debt or other obligation to the Debtor (other than wages) that is due as of the time of this response. I am forwarding this money, or enough of it to satisfy the garnishment, to the Garnishor.
- ☐ I owe a debt or other obligation to the Debtor (other than wages) that was not due as of the time of this response but will become due within 45 days after the writ was delivered to me. I will forward the money, or enough of it to satisfy the garnishment, to the Garnishor when the debt or other obligation becomes due.
- ☐ I owe the following debt or other obligation to the Debtor (other than wages) that will not become due within 45 days after the date that the writ was delivered to me. I will not make any payments on the debt or obligation until I receive instructions from the Sheriff or until 30 days have passed from the date on which I deliver this response. (See Instructions to Garnishee form.)

- ☐ I have in my possession, control or custody the following personal property (other than money) that belongs to the Debtor. I will hold all of the property for the Garnishor until I receive instructions from the Sheriff or until 30 days have passed from the date on which I deliver this response. (See Instructions to Garnishee form.)

- ☒ I may owe money to or hold property of the Debtor, but I am not sure what or how much it might be. (You must provide an explanation in the following space and you must deliver an amended response when you find out. You must deliver an amended response even if you find out that you have no property of the Debtor or owe no money to the Debtor.)
Sentinel Insurance Company, Inc., has placed debtor's claim file into an inactive status. Accordingly, Sentinel has not been able to make any coverage determinations with respect to first-party claims. Sentinel has disclaimed coverage for third-party claims.

- ☐ (FINANCIAL INSTITUTIONS ONLY) We hold one or more accounts for the Debtor, of which \$_____ is not

subject to garnishment under ORS 18.784. We are forwarding all other garnishable amounts, or enough of it to satisfy the garnishment to the Garnishor.

☐ The writ of garnishment delivered to me, on its face, does not comply with the Oregon laws governing writs of garnishment, or I cannot determine the identity of the Debtor from the information in the writ. (You must provide an explanation in the following space.)

☐ I have received an order to withhold income that applies to the income of the Debtor. The order to withhold income has priority over the writ of garnishment, and compliance with the order will reduce or eliminate the money that I would otherwise deliver under the writ. (Provide details, including the name of the agency serving the order to withhold income, the date the order was served on you and the amount to be withheld. If you employ the Debtor, you must still complete Part II of this response.)

☐ I have received notice of a challenge to the garnishment. I will deliver to the court administrator all money that I would otherwise deliver to the Garnishor. (See Step 3 of Instructions to Garnishee form.)

☐ Other (Explain)

PART II: DEBTOR'S EMPLOYER
(GARNISHEES WHO EMPLOY THE DEBTOR
MUST FILL OUT THIS PORTION OF THE RESPONSE)

Place a check in front of all the following statements that apply. You may need to check more than one statement.

NOTE: THE LAW PROHIBITS DISCHARGE OF THE DEBTOR FROM EMPLOYMENT BY REASON OF GARNISHMENT.

☐ I EMPLOY THE Debtor. The Debtor is paid on a _____ basis (insert "weekly," "monthly" or other pay period). Wages will next be payable to the Debtor on the _____ day of _____, 2013. I will complete a Wage Exemption Calculation form for each payment of wages that is made during the 90-day period immediately following the date that the writ of garnishment was delivered to me. I will also complete a Wage Exemption Calculation form for the payday immediately following the end of the 90-day period. I will forward to the Garnishor on each of these occasions those wages calculated to be subject to garnishment, or enough of those wages to satisfy the garnishment.

☐ I had already received a writ of garnishment from another Garnishor before this writ was delivered to me. Under Oregon law, the previous writ has priority. The previous writ will terminate on the _____ day of _____, 2013.

I hereby certify that I have fully and accurately completed this garnishee response.

Dated: April 3, 2013

Sentinel Insurance Company, Inc. c/o Maloney Lauersdorf Reiner PC/Kyle Sturm

Name of Garnishee
503-245-1518

Telephone Number
503-245-1417

Fax Number
117 SW Taylor Street, Ste 300, Portland, OR 97204

Address

Signature

FILED
13 MAR 14 PM 2:06
CIRCUIT COURT
FOR MULTNOMAH COUNTY

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

DECLARATION OF JOHN B. BRAMS

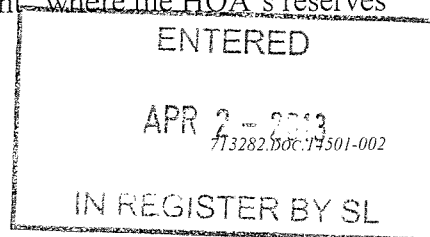
John B. Brams declares as follows:

1. I am a Certified Public Accountant licensed to practice in Oregon.

2. I was served by plaintiffs with a subpoena to testify at the hearing on plaintiffs' Motion for Default Judgment on March 15, 2013. However, on February 24, 2013, I had a heart attack, and my doctor has suggested that I should not testify for health reasons. I am submitting this declaration, which contains the matters I would testify to in person. If absolutely necessary, I could testify by telephone at 503-297-6466.

3. In Spring 2012, I was retained by defendant Northwest Empire Community Management, Inc. ("NW Empire") to document the financial accounts and records maintained by NW Empire for its client homeowners associations.

4. The two plaintiff HOAs had two types of accounts. An "operating account" from which ordinary operating expenses were paid, and a "reserve account" where the HOA's reserves



1 were maintained.

2 5. By early June, I found that the funds of NW Empire's various clients, including those
3 of the two plaintiffs in this case, had been conmingled. Consequently, funds that should have
4 gone into separate accounts for the various HOA clients at Chase Bank and/or Bank of America
5 had not been so directed. I found that one association's funds were inappropriately used to pay
6 another association's expenses and that funds that should have been deposited into an
7 association's accounts were not so deposited. In addition, I found that some funds could not be
8 located at all; that is, it appears that some money may have been inappropriately taken.

9 6. As part of my review, I estimated the amounts of money that both of the plaintiffs lost
10 as a result of the conmingling and the failure to deposit money into plaintiffs' accounts. Exhibits
11 1 and 2 to this declaration are true copies of summaries I prepared of my review of plaintiffs'
12 accounts. Exhibit 1 shows that Cedar Lake lost \$60,776.52, and Exhibit 2 shows that Decatur
13 Bridgewater lost \$72,099.18.

14 I hereby declare that the above statement is true to the best of my knowledge and belief,
15 and that I understand it is made for use as evidence in court and is subject to penalty for perjury.

16 DATED this 12th day of March, 2013.

17
18 

19 John B. Brams

NW Empire

Summary of income (loss)

Cedar Lake

Summary of income (loss) from commingling of funds

<u>Bank & account type</u>	<u>Amount</u>
Commingling income (loss) - Chase operating account	(\$48,776.52)
Commingling income (loss) - Chase reserve account	(12,000.00)
Commingling income (loss) - Bank of America operating account	0.00
Commingling income (loss) - Bank of America reserve account	0.00
2010 funds that should have been received from sweep account	0.00
2011 funds that should have been received from sweep account	0.00
2012 funds that should have been received from sweep account	0.00
2009 - 2012 funds received from sweep account - Chase	0.00
2009 - 2012 funds received from sweep account - Bank of America	<u>0.00</u>
Total commingling income (loss)	<u>(\$60,776.52)</u>

NW Empire

Summary of income (loss)

Decatur

Summary of income (loss) from commingling of funds

<u>Bank & account type</u>	<u>Amount</u>
Commingling income (loss) - Chase operating account	\$12,095.62
Commingling income (loss) - Chase reserve account	(32,883.31)
Commingling income (loss) - Bank of America operating account	1,962.38
Commingling income (loss) - Bank of America reserve account	(15,985.75)
2010 funds that should have been received from sweep account	(289.45)
2011 funds that should have been received from sweep account	(26,565.22)
2012 funds that should have been received from sweep account	(15,482.83)
2009 - 2012 funds received from sweep account - Chase	3,100.00
2009 - 2012 funds received from sweep account - Bank of America	<u>1,949.38</u>
Total commingling income (loss)	<u>(\$72,099.18)</u>

Original

FILED
13 MAR 15 PM 1:25
CIRCUIT COURT
FOR MULTNOMAH COUNTY

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

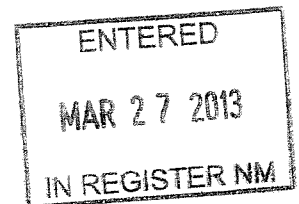
v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

**ORDER GRANTING MOTION TO
EXONERATE CASH UNDERTAKING**



Plaintiffs' Motion to Exonerate Cash Undertaking is hereby GRANTED. The Clerk of Court shall return the \$500 cash undertaking to Plaintiffs' counsel, Landye Bennett Blumstein LLP, 1300 SW 5th Avenue, Suite 3500, Portland Oregon 97201.

DATED this 15 day of March, 2013.


Circuit Court Judge

Submitted by:

James S. Crane, OSB #90142
Landye Bennett Blumstein LLP
Of Attorneys for Plaintiffs

FILED
13 MAR 15 PM 1:25
FOR CIRCUIT COURT
MULTNOMAH COUNTY

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

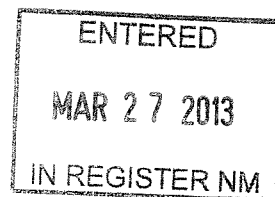
v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

**GENERAL JUDGMENT AND MONEY
AWARD ON DEFAULT**



THIS MATTER came before this court on motion of Plaintiffs, appearing by and through their attorneys, Stuart K. Cohen and James S. Crane of Landye Bennett Blumstein LLP, for an order of default and judgment against Defendant, Northwest Empire Community Management, Inc. It appearing from the records that defendant was duly served with summons and complaint in Multnomah County, Oregon, on November 12, 2012, and that Defendant has not answered nor made any appearance herein, although the time provided for appearance has expired; and

It further appearing that Defendant was not at the time of service on it, nor is it now, in the military service of the United States, a minor, or an incapacitated person; and

The court having entered an order of default against Defendant and finding in favor of Plaintiffs and against Defendant on Plaintiffs' complaint; now, therefore, it is hereby

ORDERED AND ADJUDGED that Plaintiff CEDAR LAKE HOMEOWNERS ASSOCIATION have judgment against Defendant NORTHWEST EMPIRE COMMUNITY

MANAGEMENT, INC. in the sum of \$60,776.52 on said Plaintiff's First Claim (Breach of Contract), Second Claim (Negligence), Third Claim (Conversion), Fourth Claim (Breach of Fiduciary Duty), and Sixth Claim (Unfair Trade Practices), and that Plaintiff DECATUR BRIDGEWATER CONDOMINIUMS OWNERS ASSOCIATION have judgment against Defendant NORTHWEST EMPIRE COMMUNITY MANAGEMENT, INC. in the sum of \$72,099.18, on said Plaintiff's Seventh Claim (Breach of Contract), Eighth Claim (Negligence), Ninth Claim (Conversion), Tenth Claim (Breach of Fiduciary Duty), and Twelfth Claim (Unfair Trade Practices), each sum together with prejudgment interest at the judgment rate from June 6, 2012; and costs and disbursements in accordance with ORCP 68; and attorney fees in accordance with ORCP 68 on Plaintiff Cedar Lake's First and Sixth Claims and on Plaintiff Decatur's Seventh and Twelfth Claims.

1. Name and Address of the Judgment Creditors: (1) Cedar Lake Homeowners Association
P.O. Box 72
Gresham, OR 97030

(2) Decatur Bridgewater Condominiums
Owners' Association
c/o CA Partners
Post Office Box 2429
Beaverton, OR 97075

2. Name, address and telephone number of the judgment creditors' attorney: Stuart K. Cohen
James S. Crane
Landye Bennett Blumstein LLP
1300 SW 5th Avenue, Suite 3500
Portland Oregon 97201
503-224-4100

3. Name of Judgment debtor, its address, date of birth, Social Security number, and driver's license number:

Name and address: Northwest Empire Community Management, Inc.
3800 NE Sandy Boulevard, Suite 104
Portland, OR 97232

Date of birth: n/a

1 Social Security number: n/a

2 Driver's license number: n/a

3 4. Name of the judgment debtor's attorney None

4 5. Name of any person or public body, other
5 than the judgment creditors' attorney, who is
6 entitled to a portion of a payment on the
judgment: None

7 6. The amount of the money award:

8 (1) CEDAR LAKES HOMEOWNERS
9 ASSOCIATION: \$60,776.52

10 (2) DECATUR BRIDGEWATER
11 CONDOMINIUMS OWNERS
ASSOCIATION: \$72,099.18

12 7. Prejudgment interest running from at the
13 rate of 9% per annum on the following
14 balances, said interest running from June 6,
2012:

15 (1) CEDAR LAKES HOMEOWNERS
16 ASSOCIATION: \$60,776.52 \$ 60,776.52

17 (2) DECATUR BRIDGEWATER
18 CONDOMINIUMS OWNERS
ASSOCIATION: \$72,099.18 \$ 72,099.18

19 8. Postjudgment interest is at the rate of 9%
20 per annum on the balances of item 6 plus item
21 7 plus item 9 plus item 10, said interest
running from the date of entry of the judgment

22 9. Costs and disbursements in the following
23 amounts:

24 (1) CEDAR LAKES HOMEOWNERS
ASSOCIATION: \$ 1,444.24

25 (2) DECATUR BRIDGEWATER
26 CONDOMINIUMS OWNERS
ASSOCIATION: \$ _____

joint costs

10. Attorney Fees in the following amounts:

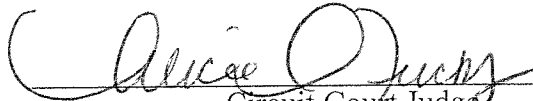
(1) CEDAR LAKES HOMEOWNERS
ASSOCIATION:

\$ 14,1094.95 - joint fees

(2) DECATUR BRIDGEWATER
CONDOMINIUMS OWNERS
ASSOCIATION:

\$ _____

DATED this 15 day of March 2013.


Circuit Court Judge

Presented by:

Stuart K. Cohen, OSB #851738
James S. Crane, OSB #90142
Landye Bennett Blumstein LLP
Of Attorneys for Plaintiffs

FILED
13 FEB -7 AM 11:53
CIRCUIT COURT
FOR MULTNOMAH COUNTY

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

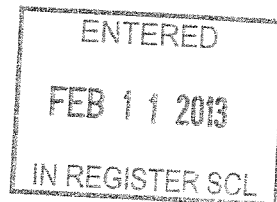
Case No. 1211-14420

ORDER OF DEFAULT

Plaintiffs,

v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,



Defendant.

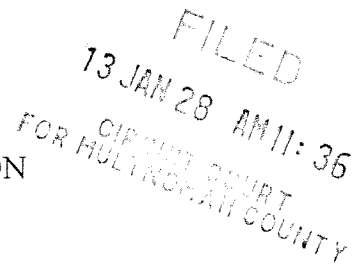
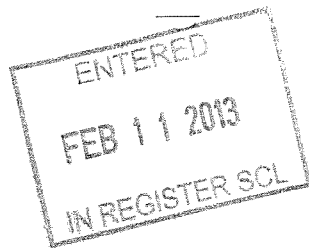
This matter having come before the court on motion of Plaintiffs, appearing by and through its attorneys, Stuart K. Cohen and James S. Crane of Landye Bennett Blumstein LLP, for an order of default, it appearing that Defendant was duly served on November 12, 2012, with summons and Plaintiffs' complaint, and that Defendant has not answered or made any appearance, although the time provided appearance has expired, and it further appearing that Defendant is neither a minor, an incompetent or incapacitated person, nor in the military service of the United States; now, therefore, it is hereby

ORDERED AND ADJUDGED that default of Defendant is hereby entered of record.

DATED: **FEB 07 2013**, 2013.

Circuit Court Judge

Submitted by:
James S. Crane, OSB #90142
Landye Bennett Blumstein LLP
Of Attorneys for Plaintiff



IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

**CEDAR LAKE HOMEOWNERS
ASSOCIATION**, an Oregon domestic
nonprofit corporation; and **DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION**, an Oregon domestic
nonprofit corporation,

Plaintiffs,

v.

**NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.**,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

**DECLARATION OF JAMES S. CRANE IN
SUPPORT OF MOTION FOR ORDER OF
DEFAULT AND GENERAL DEFAULT
JUDGMENT**

I, James S. Crane, declare under penalty of perjury as follows:

1. I am one of the attorneys for Plaintiff in the above-entitled matter.

FOR ENTRY OF DEFAULT AND DEFAULT GENERAL JUDGMENT

2. Defendant was duly served on November 13, 2012.

3. Defendant has not appeared or defended this case.

4. The defendant is an Oregon corporation, not a natural person. Defendant is therefore not in the military service of the United States, a minor, or a protected person in a guardianship or conservatorship proceeding. For the same reason, Defendant is not incapacitated or financially incapable pursuant to the definitions of ORS 125.005.

5. I have not been contacted by Defendant or any attorney purporting to represent Defendant in this action.

6. True copies of said Petition signed under oath by Stuart K. Cohen, and the

Declarations of Neill Fishman, and Robert S. Watson, which were submitted in support of Plaintiffs' Petition for Provisional Process, and, are attached as Exhibits A, B, and C, respectively, to the accompanying Memorandum in Support of Motion for Order of Default and Default General Judgment.

FOR ATTORNEY FEES

7. Plaintiffs are entitled to recover attorney fees pursuant to the following facts, statute, or rule: (1) Under Article I, section E of each the contracts between each plaintiff and the defendant, which provides: "If any legal proceeding is necessary to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to its reasonable attorneys fees and legal costs, in addition to any other relief to which such party shall be entitled"; and, (2) under the Unfair Trade Practices Act, ORS 646.638(3).

8. Plaintiffs have agreed to share all attorney fees, disbursements, and costs equally.

9. The number of hours and services rendered in this matter for each lawyer, clerk, and legal assistant and the hourly rates for each are set forth in detail in Exhibit 1 attached. Exhibit 1 includes time billed to each plaintiff by the attorneys named below for bookkeeping purposes. Despite different amounts billed to each plaintiff, the plaintiffs have agreed to share attorneys fees, disbursements and costs equally. Therefore, any judgment award for fees and costs should be divided between the plaintiffs equally.

NAME	POSITION	HOURLY RATE	HOURS	FEES
Stuart K. Cohen	Partner	\$350	16.2	\$ 5,670.00
James S. Crane	Partner	\$300	24.0	\$ 7,200.00
TOTAL				\$12,870.00

10. The above amounts do not include 2.5 hours for Mr. Cohen and 2.5 hours for Mr. Crane for post-judgment collection.

11. The specific factors supporting an award and the amount of legal fees appear in ORS 20.075¹. Addressing the factors in 20.075(1) first:

(a) *The conduct of the parties in the transactions.* In this case, Northwest Empire inappropriately allocated (its own words) funds that it was holding in trust for Plaintiffs and covered up its conduct by sending admittedly false financial information about these funds to Plaintiffs on a monthly basis. This conduct was reckless, willful, or illegal. This conduct supports the requested award.

¹ ORS 20.075 provides:

(1) A court shall consider the following factors in determining whether to award attorney fees in any case in which an award of attorney fees is authorized by statute and in which the court has discretion to decide whether to award attorney fees:

(a) The conduct of the parties in the transactions or occurrences that gave rise to the litigation, including any conduct of a party that was reckless, willful, malicious, in bad faith or illegal.

(b) The objective reasonableness of the claims and defenses asserted by the parties.

(c) The extent to which an award of an attorney fee in the case would deter others from asserting good faith claims or defenses in similar cases.

(d) The extent to which an award of an attorney fee in the case would deter others from asserting meritless claims and defenses.

(e) The objective reasonableness of the parties and the diligence of the parties and their attorneys during the proceedings.

(f) The objective reasonableness of the parties and the diligence of the parties in pursuing settlement of the dispute.

(g) The amount that the court has awarded as a prevailing party fee under ORS 20.190.

(h) Such other factors as the court may consider appropriate under the circumstances of the case.

(2) A court shall consider the factors specified in subsection (1) of this section in determining the amount of an award of attorney fees in any case in which an award of attorney fees is authorized or required by statute. In addition, the court shall consider the following factors in determining the amount of an award of attorney fees in those cases:

(a) The time and labor required in the proceeding, the novelty and difficulty of the questions involved in the proceeding and the skill needed to properly perform the legal services.

(b) The likelihood, if apparent to the client, that the acceptance of the particular employment by the attorney would preclude the attorney from taking other cases.

(c) The fee customarily charged in the locality for similar legal services.

(d) The amount involved in the controversy and the results obtained.

(e) The time limitations imposed by the client or the circumstances of the case.

(f) The nature and length of the attorney's professional relationship with the client.

(g) The experience, reputation and ability of the attorney performing the services.

(h) Whether the fee of the attorney is fixed or contingent.

(b) *The objective reasonableness of claims and defenses.* Plaintiffs' claims arise from the admissions of Defendant as to Defendant's conduct, its inappropriateness, and the damages. Thus, the claims are reasonable. Defendant has not raised any defenses.

(c) *The extent to which an award of fees would deter others from asserting good faith claims and defenses.* This factor is not applicable in this default situation.

(d) *The extent to which an award of fees would deter others from asserting meritless claims and defenses.* This factor is not applicable in this default situation.

(e) *The objective reasonableness of the parties and their diligence in the proceedings.* Plaintiffs have acted reasonably in bringing this lawsuit, in seeking provisional process to prevent Defendant from disbursing insurance proceeds, and in seeking default.

(f) *The objective reasonableness of the parties in seeking settlement.* Defendant has not contacted Plaintiffs for any purpose, including settlement.

(g) *The amount awarded as a prevailing party fee under ORS 20.190.* Plaintiffs have requested an award of \$275.00 as a prevailing party fee under ORS 275.190(2)(A) for judgment given without trial of an issue of law or fact.

12. Addressing the factors in ORS 20.075(2):

(a) *The time and labor required, the novelty and difficulty of the questions involved, and the skill needed to properly perform the legal services.* The time incurred, as reflected on Exhibit 1, was reasonably incurred to draft a complaint; draft, present to the court, and oversee service of a temporary restraining order; draft, prepare for hearing, present to the court, and oversee service of a motion for provisional process, including a writ of attachment and a subsequent writ of garnishment. The provisional process involved novel considerations because the writ of garnishment was served on Defendant's insurer in order to garnish the proceeds of Defendant's insurance claim.

(b) *The likelihood that the acceptance of the particular employment by the attorney*

1 *would preclude other employment.* Not applicable.

2 (c) *The fee customarily charged in the locality for similar legal services.* Not
3 applicable. The undersigned is unaware of any other effort to obtain provisional process on the
4 proceeds of an insurance claim. Attached as Exhibits 3 and 4 are Mr. Cohen's and Mr. Crane's
5 resumes. Mr. Cohen has been an attorney since 1985, Mr. Crane since 1976. Their rates are
6 reasonable for attorneys of their experience.

7 (d) *The amount in controversy and result obtained.* The total amount in controversy
8 is \$132,875.70; the requested fees are not disproportionate to that amount. The result requested
9 is a general judgment.

10 (e) *The time limitations imposed by the client or the circumstances of the case.*
11 Plaintiffs' counsel learned in November, 2012, that Defendant's insurer might have been in the
12 process of paying \$250,000 to Defendant on Defendant's first-party insurance claim. That
13 required Plaintiffs to act immediately to file suit and to seek provisional process in order to
14 prevent Defendant from disbursing those funds, which are the only resources available to pay
15 Plaintiffs' losses.

16 (f) *The nature and length of the attorney's professional relationship with the client.*
17 Landye Bennett Blumstein LLP has represented plaintiff Cedar Lake since April 2012 and
18 plaintiff Decatur Bridgewater since June 2012.

19 (g) *The experience, reputation, and ability of the attorneys.* Mr. Cohen and Mr.
20 Crane are experienced civil litigation attorneys. Their resumes are Exhibits 3 and 4 to this
21 affidavit.

22 (h) *Whether the fee is fixed or contingent.* The fee is at fixed hourly rates.

23 13. Landye Bennett Blumstein LLP also incurred its own costs and expenses that are
24 not included in overhead that are not reflected in hourly rates, should be included in the attorney
25 fee award, and divided equally between the plaintiffs in the judgment. These are itemized in
26 Exhibit 2 to this Affidavit and are summarized as follows:

Photocopy	\$ 187.25
Postage	\$ 12.10
Online Legal Research	\$
Facsimile	\$.60
Long Distance Telephone	\$
Messenger	\$
Total	\$ 199.95

FOR COSTS

14. As authorized by ORCP 68 A(2), Plaintiffs are entitled to recovery of costs of \$1,169.24, to be divided equally between them. Such costs are billed directly to the clients and are not overhead expenses already reflected in the hourly rate or fee. These costs were reasonably and necessarily incurred, are itemized in Exhibit 2 to this Declaration. Exhibit 2 shows the costs as allocated to each plaintiff by my accounting system, but the plaintiffs have agreed that costs were to be paid equally by each. The costs are summarized as follows:

Filing Fee ("FF")	\$ 500.00
Service Fees ("PSF")	
11/14	\$ 70.00
11/27	\$ 140.00
11/27	\$ 70.00
11/27	\$ 70.00
Garnishment Fees ("GRNF")	\$ 60.00
Sheriff Fee ("SC")	\$ 70.00
Witness Fee ("WF")	\$ 35.00
Messenger ("MDS")	\$ 154.24
Prevailing Party fee	\$ 275.00
Total	\$ 1,444.24

15. Exhibit 2 sets forth the specific basis for the award and amount of fees as required by ORS 20.075.

17. Based on the above, Plaintiffs are entitled to the following awards: reasonable and necessary attorney fees in the sum of \$14,694.95 (paragraphs 9, 10, and 13, above), and costs in the amount of \$1,444.24, both fees and costs to be divided equally between Plaintiffs.

I HEREBY DECLARE THAT THE ABOVE STATEMENT IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT I UNDERSTAND IT IS MADE FOR USE AS EVIDENCE IN COURT AND IS SUBJECT TO PENALTY FOR PERJURY.

DATED this 25 day of January, 2013.

James S. Crane, OSB #901420
Of Attorneys for Plaintiffs

Landye Bennett Blumstein LLP / Portland
Transactions Summary Report

Search Description:

Search for: 14533-002 Search by: Matter ID Stage: (all) Type: Fees

	Units	Price	Value	Write-up/dn	Ext. Amount
<i>Professional: Stuart K. Cohen</i>					
	5.7000	6,930.0000	1,881.0000	0.00	1,881.00
<i>Professional: James S. Crane</i>					
	7.3000	2,640.0000	2,115.0000	0.00	2,115.00
	<u>13.0000</u>		<u>3,996.0000</u>	<u>0.00</u>	<u>3,996.00</u>

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

Search for: 14533-002 Search by: Matter ID Stage: (all) Type: Fees

		MatterID/Client Sort				
		Matter Description	Component			
Date	Prof	Narrative	Task Code	Units	Price	Value
11/6/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Draft contingency fee agreement and conflict waiver letter; correspondence with Mr. Fishman regarding same; receive and respond to questions from Mr. Fishman	T	0.2500	330.0000	82.5000
11/7/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding drafting of complaint and seeking prejudgment garnishment of insurance proceeds; gather materials from Mr. Crane to draft same	T	0.1000	330.0000	33.0000
11/7/2012	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review CL file; review documents from client; brief legal research regarding claims; draft complaint;	T	1.2500	285.0000	356.2500
11/7/2012	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review CL file; review documents from client; brief legal research regarding claims; draft complaint;	T	0.6000	285.0000	171.0000
11/8/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding complaint; review management contract; revise complaint	T	0.2000	330.0000	66.0000
11/8/2012	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Revise complaint; draft and revise petition for provisional process; draft declarations for clients; draft TRO/Show Cause Order; telephone conference with Mr. Fishman; telephone conference with Mr. Watson; email to Mr. Fishman; review documents from clients;	T	2.1000	285.0000	598.5000
11/8/2012	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Revise complaint; draft and revise petition for provisional process; draft declarations for clients; draft TRO/Show Cause Order; telephone conference with Mr. Fishman; telephone conference with Mr. Watson; email to Mr. Fishman; review documents from clients;	T	1.0500	285.0000	299.2500

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

Search for: 14533-002 Search by: Matter ID Stage: (all) Type: Fees

Date	Prof	MatterID/Client Sort	Component Task Code	Units	Price	Value
		Matter Description Narrative				
11/9/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Review draft pleadings; correspondence with client regarding same	T	0.2000	330.0000	66.0000
11/13/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Prepare for and participate in TRO hearing; correspondence with client regarding same	T	0.3000	330.0000	99.0000
11/14/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding potential witness for preliminary injunction hearing	T	0.1000	330.0000	33.0000
11/16/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding hearing preparation and prejudgment attachment of insurance proceeds	T	0.0500	330.0000	16.5000
11/19/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Conference with James S. Crane regarding hearing; revise memorandum in support of provisional process and orders regarding same	T	0.2500	330.0000	82.5000
11/20/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Attend call for preliminary injunction hearing assignment	T	0.3000	330.0000	99.0000
11/21/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Prepare for and attend preliminary injunction hearing; conference with James S. Crane regarding form of attachment; legal research regarding impact of bankruptcy on insurance proceeds	T	0.6000	330.0000	198.0000
11/26/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Draft status report to client; correspondence with ABI regarding failure to respond to demand letter and intent to join ABI to pending litigation; receive response from ABI; forward same to client; telephone conference with Mr. Hisatori	T	0.2000	330.0000	66.0000
11/27/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Prepare Instructions to Sheriff regarding Attachment	T	0.5000	330.0000	165.0000

1/25/2013 11:44 AM

Page: 2

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

Search for: 14533-002 Search by: Matter ID Stage: (all) Type: Fees

MatterID/Client Sort		Matter Description	Component			
Date	Prof	Narrative	Task Code	Units	Price	Value
		of Insurance Check; exchange numerous e-mails with ABI regarding response to demand letter; telephone conference with Mr. Mark Parker, adjuster for Utica, insurance agent for ABI; draft letter to Travelers renewing claim in light of ABI's admission that is bound over coverage for the Association				
11/28/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Receive and respond to correspondence from Mr. Fishman regarding status; finalize demand letter to Travelers; correspondence with client regarding status of return of Writ by Sheriff; telephone conference with Ms. Lipsey regarding infoive crom	T	0.1000	330.0000	33.0000
11/29/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Receive response from Travelers regarding resubmitted claim; correspondence with Mr. Fishman regarding same; receive information from NW Empire regarding impending bankruptcy and closing business; correspondence with Mr. Fishman regarding same	T	0.0500	330.0000	16.5000
12/4/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Receive declination notice from Travelers; correspondence with Ms. Johnson from Travelers regarding failure to address binding over and Union Pacific holdings; correspondence with client regarding status of matter and potential impact NW Empire bankruptcy would have upon collection of funds	T	0.2000	330.0000	66.0000
12/5/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Receive and respond to correspondence from Ms. Johnson regarding Travelers position; correspondence with Mr. Fishman regarding same; correspondence with Mr. Hisatoni and Mr. Parker regarding same	T	0.2000	330.0000	66.0000
12/11/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Correspondence with client regarding status; begin drafting complaint agianst ABI and Phoenix for breach of contract and negligence; correspondence with Mr. Fishman and board regarding filing of same; receive correspondence from Mr. Fishman and board	T	1.5000	330.0000	495.0000

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

Search for: 14533-002 Search by: Matter ID Stage: (all) Type: Fees

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
		regarding same				
12/12/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Continue drafting complaint against ABI and Phoenix; legal research regarding recovery of attorney fees and claims; correspondence from client regarding same	T	0.3000	330.0000	99.0000
12/19/2012	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Correspondence with Mr. Fishman regarding status of cases and potential for conversion of ABI/Traveler's case to a contingency fee	T	0.1000	330.0000	33.0000
1/2/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Telephone conference with Mr. Michael Johnson of Sentinal regarding response to garnishment	T	0.1000	330.0000	33.0000
1/3/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Telephone call from attorney for insurance company	T	0.1000	300.0000	30.0000
1/10/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Work on default papers	T	0.3000	300.0000	90.0000
1/11/2013	SKC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Provide status report to client	T	0.1000	330.0000	33.0000
1/16/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Work on default papers	T	0.7000	300.0000	210.0000
1/22/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Work on default papers (.4)	T	0.4000	300.0000	120.0000
1/23/2013	JSC	14533-002 / Decatur Bridgewater Vista Embezzlement Litigation Ddraft and revise default papers	T	0.8000	300.0000	240.0000
			Grand Total	13.0000		3,996.0000

Landye Bennett Blumstein LLP / Portland
Transactions Summary Report

Search Description:

Search for: 14501-002 Search by: Matter ID Stage: (all) Type: Fees

	Units	Price	Value	Write-up/dn	Ext. Amount
<hr/>					
<i>Professional: Stuart K. Cohen</i>					
	10.0500	11,220.0000	3,316.5000	-16.50	3,300.00
<i>Professional: James S. Crane</i>					
	16.7000	4,065.0000	4,794.0000	299.25	5,093.25
	<hr/> 26.7500		<hr/> 8,110.5000	<hr/> 282.75	<hr/> 8,393.25

Landye Bennett Blumstein LLP / Portland
Transactions Listing Report

Search Description:

Search for: 14501-002 Search by: Matter ID Stage: (all) Type: Fees

Date	Prof	MatterID/Client Sort Matter Description	Component Task Code	Units	Price	Value
		Narrative				
11/6/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Correspondence with Mr. Watson regarding proceeding with claims against NW Empire; finalize contingency fee agreement and conflict waiver letter; conference with James S. Crane regarding pulling together complaint and prejudgment garnishment	T	0.3000	330.0000	99.0000
11/6/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft contingency fee agreement and conflict waiver letter; correspondence with Mr. Fishman regarding same; receive and respond to questions from Mr. Fishman	T	0.2500	330.0000	82.5000
11/7/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding preparation of complaint; correspondence with client regarding information to complete same	T	0.2000	330.0000	66.0000
11/7/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review CL file; review documents from client; brief legal research regarding claims; draft complaint;	T	1.2500	285.0000	356.2500
11/7/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding drafting of complaint and seeking prejudgment garnishment of insurance proceeds; gather materials from Mr. Crane to draft same	T	0.1000	330.0000	33.0000
11/8/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding complaint; review management contract for attorney fee clause; work on Petition for issuance of provision process	T	0.3000	330.0000	99.0000
11/8/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Revise complaint; draft and revise petition for provisional process; draft declarations for clients; draft TRO/Show Cause Order; telephone conference with Mr. Fishman; telephone conference with Mr. Watson; email to Mr. Fishman; review documents from clients;	T	1.0500	285.0000	299.2500

Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

Search for: 14501-002 Search by: Matter ID Stage: (all) Type: Fees

		MatterID/Client Sort				
		Matter Description	Component			
Date	Prof	Narrative	Task Code	Units	Price	Value
11/8/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding complaint; review management contract; revise complaint	T	0.1000	330.0000	33.0000
11/9/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Email to Mr. Watson regarding declaration (.1); email to Mr. Fishman regarding declaration (.1); transmission letter to defendant (.2); revise, finalize and proof pleadings and supervise filing and service (2.9)	T	3.3000	285.0000	940.5000
11/9/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review draft pleadings	T	0.4000	330.0000	132.0000
11/9/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review draft pleadings; correspondence with client regarding same	T	0.2000	330.0000	66.0000
11/13/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare for and participate in TRO hearing; correspondence with client regarding same	T	0.6000	330.0000	198.0000
11/13/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone call to NW Empire attorney (.1); appear at ex parte and obtain TRO and order to show cause (.8); arrange service of order (.1); email to defendant (.1); letter to defendant regarding show cause hearing (.2)	T	1.0000	285.0000	285.0000
11/13/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare for and participate in TRO hearing; correspondence with client regarding same	T	0.3000	330.0000	99.0000
11/14/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding potential witness for preliminary injunction hearing	T	0.2000	330.0000	66.0000
11/14/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Email to clients regarding show cause hearing (.1); telephone call to and draft subpoena for Jenifer	T	0.4000	285.0000	114.0000

1/25/2013 11:40 AM

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Landye Bennett Blumstein LLP / Portland

Transactions Listing Report

Search Description:

Search for: 14501-002 Search by: Matter ID Stage: (all) Type: Fees

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
		Denney (.3)				
11/14/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding potential witness for preliminary injunction hearing	T	0.1000	330.0000	33.0000
11/16/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding hearing preparation and prejudgment attachment of insurance proceeds	T	0.1000	330.0000	33.0000
11/16/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Legal research regarding issues for provisional process (.5); draft memorandum and orders for provisional process, restraining order (2.6)	T	3.1000	285.0000	883.5000
11/16/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding hearing preparation and prejudgment attachment of insurance proceeds	T	0.1000	330.0000	33.0000
11/19/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding hearing; revise memorandum in support of provisional process and orders regarding same; receive correspondence from client regarding upcoming hearing	T	0.5000	330.0000	165.0000
11/19/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft restraining order (.3); revise order for provisional process (.1); revise memorandum for provisional process (.2)	T	0.5000	285.0000	142.5000
11/19/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with James S. Crane regarding hearing; revise memorandum in support of provisional process and orders regarding same	T	0.2500	330.0000	82.5000
11/20/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Attend call for hearing date and time	T	0.6000	330.0000	198.0000

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Transactions Listing Report

Search Description:

Search for: 14501-002 Search by: Matter ID Stage: (all) Type: Fees

		MatterID/Client Sort				
		Matter Description	Component			
Date	Prof	Narrative	Task Code	Units	Price	Value
11/20/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Revise memorandum (.2); telephone conference with Ms. Denney regarding hearing (.2); email to clients regarding hearing (.2); outline hearing presentation (.7)	T	1.3000	285.0000	370.5000
11/20/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Attend call for preliminary injunction hearing assignment	T	0.3000	330.0000	99.0000
11/21/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Correspondence with client regarding preliminary injunction hearing preparation; prepare for and attend same; legal research regarding impact of bankruptcy on insurance proceeds	T	1.2000	330.0000	396.0000
11/21/2012	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Conference with clients before hearing (.5); hearing on provisional process (.8); draft attachment and work on attachment issues (1.2)	T	2.5000	285.0000	712.5000
11/21/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare for and attend preliminary injunction hearing; conference with James S. Crane regarding form of attachment; legal research regarding impact of bankruptcy on insurance proceeds	T	0.6000	330.0000	198.0000
11/26/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft status report to client	T	0.1000	330.0000	33.0000
11/26/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft status report to client; correspondence with ABI regarding failure to respond to demand letter and intent to join ABI to pending litigation; receive response from ABI; forward same to client; telephone conference with Mr. Hisatori	T	0.1500	330.0000	49.5000
11/27/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare Instructions to Sheriff regarding Attachment of Insurance Check	T	0.1000	330.0000	33.0000

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Transactions Listing Report

Search Description:

Search for: 14501-002 Search by: Matter ID Stage: (all) Type: Fees

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
11/27/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Prepare Instructions to Sheriff regarding Attachment of Insurance Check; exchange numerous e-mails with ABI regarding response to demand letter; telephone conference with Mr. Mark Parker, adjuster for Utica, insurance agent for ABI; draft letter to Travelers renewing claim in light of ABI's admission that is bound over coverage for the Association	T	0.6000	330.0000	198.0000
11/28/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Correspondence with client regarding return of writ of attachment by Sheriff	T	0.1000	330.0000	33.0000
11/28/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive and respond to correspondence from Mr. Fishman regarding status; finalize demand letter to Travelers; correspondence with client regarding status of return of Writ by Sheriff; telephone conference with Ms. Lipsey regarding infoive crom	T	0.1000	330.0000	33.0000
11/29/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive information regarding NW Empire closing its doors and impending bankruptcy; correspondence with client regarding same	T	0.1000	330.0000	33.0000
11/29/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive response from Travelers regarding resubmitted claim; correspondence with Mr. Fishman regarding same; receive information from NW Empire regarding impending bankruptcy and closing business; correspondence with Mr. Fishman regarding same	T	0.1000	330.0000	33.0000
12/11/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive and respond to correspondence from client regarding status of case; conference with James S. Crane regarding same and strategy for action against State Farm	T	0.2000	330.0000	66.0000
12/12/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Review materials regarding State Farm coverage and potential theories of liability for failure to place	T	0.3000	330.0000	99.0000

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Transactions Listing Report

Search Description:

Search for: 14501-002 Search by: Matter ID Stage: (all) Type: Fees

Date	Prof	MatterID/Client Sort Matter Description Narrative	Component Task Code	Units	Price	Value
		coverage to cover embezzlement loss				
12/14/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft Complaint against Mr. Hopkins for negligence and breach of contract to place coverage	T	0.9000	330.0000	297.0000
12/18/2012	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Continue research regarding coverages available from State Farm for management company embezzlement; finalize complaint	T	0.3000	330.0000	99.0000
1/2/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone conference with Mr. Michael Johnson of Sentenial regarding respond to garnishment	T	0.1000	330.0000	33.0000
1/3/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Telephone call from attorney for Sentinel (.1)	T	0.1000	300.0000	30.0000
1/10/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Work on default papers (.3)	T	0.3000	300.0000	90.0000
1/11/2013	SKC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Receive and respond to correspondence from client regarding status report on State Farm and NW Empire cases	T	0.2000	330.0000	66.0000
1/16/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Work on default papers (.7)	T	0.7000	300.0000	210.0000
1/22/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Work on default papers (.4)	T	0.4000	300.0000	120.0000
1/23/2013	JSC	14501-002 / Cedar Lake Homeowners Association Embezzlement Litigation Draft and revise default documents	T	0.8000	300.0000	240.0000
Grand Total				26.7500		8,110.5000

14501-002 / Cedar Lake Homeowners Association
Embezzlement Litigation
Costs

Date	Component	Price
11/9/2012	Filing Fee	\$250.00
12/3/2012	Garnishment Fee	\$17.50
12/3/2012	Garnishment Fee	\$12.50
11/27/2012	Messenger Delivery Service	\$18.79
12/7/2012	Messenger Delivery Service	\$57.60
12/20/2012	Messenger Delivery Service	\$4.60
11/14/2012	Process Server Fee	\$35.00
11/27/2012	Process Server Fee	\$70.00
11/27/2012	Process Server Fee	\$35.00
11/27/2012	Process Server Fee	\$35.00
11/27/2012	Sheriff's Costs	\$35.00
11/14/2012	Witness Fee	\$17.50
	Document Reproduction	\$148.57
	Fax Expenses	\$0.30
	Postage	\$8.80
	Total Costs	\$746.16

14533-002 / Decatur Bridgewater Vista
Embezzlement Litigation
Costs

Date	Component	Price
11/9/2012	Filing Fee	\$250.00
12/3/2012	Garnishment Fee	\$17.50
12/3/2012	Garnishment Fee	\$12.50
11/27/2012	Messenger Delivery Service	\$18.79
12/7/2012	Messenger Delivery Service	\$54.46
11/14/2012	Process Server Fee	\$35.00
11/27/2012	Process Server Fee	\$35.00
11/27/2012	Process Server Fee	\$70.00
11/27/2012	Process Server Fee	\$35.00
11/27/2012	Sheriff's Costs	\$35.00
11/14/2012	Witness Fee	\$17.50
	Document Reproduction	\$138.68
	Fax Expense	\$0.30
	Postage	\$3.30
	Total Costs	\$723.03

STUART KENNETH COHEN
 1300 S.W. Fifth Avenue, Suite 3500
 Portland, Oregon 97201
 Telephone: (503) 224-4100

EXPERIENCE

1998-Present	<u>LANDYE BENNETT BLUMSTEIN LLP</u> Partner: Intellectual property rights, litigation, computer law, and real estate transactions.	Portland, OR
1989-1998	<u>COHEN & WU</u> Partner: Real estate transactions, business transactions, intellectual property rights, litigation, and computer law.	Portland, OR
1987-89	<u>BAUER, HERMANN, FOUNTAIN & RHOADES, P.C.</u> Associate: Intellectual property rights, computer and franchise law. Development of a form system of technology agreements; standardization of trademark registration process. Engineered software protection strategies through licenses, escrow agreements and copyright registrations. Successful defense of litigation regarding breach of software license agreement. Prosecution of trademark registrations. Drafting of agreements for international and domestic software distribution. Participation in all phases of the conversion of a major financial institution's in-house data processing center to a service bureau.	Portland, OR
1985-87	<u>BERNARD, KNEELAND, CRAWFORD & BROPHY</u> Associate: Corporate counsel to a large automobile distributor; duties included analysis of distributor agreements, franchise termination and franchise rights; litigation support of creditor's rights, commercial law, real property and construction law matters; negotiation of real property transactions, drafting of product development and confidentiality agreements.	Portland, OR
1982-85	<u>HERMANN & ASSOCIATES</u> Law Clerk: Land use and real estate matters, intellectual property rights, computer law and litigation support. General counsel to a software house; research of copyright and trademark questions; drafting of software licenses, dealership and confidentiality agreements.	Portland, OR
Summer 1984	<u>WITHERSPOON, KELLEY, DAVENPORT & TOOLE</u> Law Clerk: Litigation support and counsel to a financial institution. Research and drafting of documents in the areas of creditor's rights and commercial law. Preparation for and participation in a two week trial involving the enforcement of a shareholder agreement for the sale of a closely held construction business.	Spokane, WA

EDUCATION

- 1982-85 NORTHWESTERN SCHOOL OF LAW OF LEWIS & CLARK COLLEGE
Portland, OREGON
J.D. with Honors. Awards: Outstanding Oral Advocacy; American Jurisprudence Award; Wills/Trust/Future Interests and Torts II.
- 1981 UNIVERSITY OF BATH Bath, ENGLAND
Finance/European History
- 1978-82 WHITMAN COLLEGE Walla Walla, WASHINGTON
B.A. Economics - Minor: History
- 1974-78 ROBERT LOUIS STEVENSON SCHOOL Pebble Beach, CALIFORNIA
Outstanding Athlete: Swimming

ORGANIZATIONS/COMMITTEES

- 2003-Present COMMUNITY ASSOCIATIONS INSTITUTE, Past President, past board member, frequent speaker – Award Volunteer of the Year - 2008
- 1988-Present OREGON STATE BAR COMPUTER LAW SECTION: Past Chairman, Newsletter Editor, Secretary and Board Member
- 1985-Present OREGON STATE BAR REAL ESTATE & LAND USE SECTION: Member
- 1988-2003 PACIFIC RIM COMPUTER LAW INSTITUTE: Speaker, Planning Committee Member, and Chairman
- 1987-89 TIGARD CITY CENTER REVITALIZATION TASK FORCE:
Chairman Award: Key to City of Tigard
- 1989 CITIZENS FOR TIGARD: Chairman
- 1987-Present TIGARD ROTARY: Board Member, Secretary, Past President, District Governor's Representative, and Couple of the Year (1997 & 2009)
- 1985-87 PORTLAND ROTARACT: Vice-President, Treasurer, Board Member
- 1985-Present OREGON STATE BAR: Active Member
- 1985-Present U.S. DISTRICT COURT - OREGON
- 1995-1999 FOREST HEIGHTS HOMEOWNERS ASSOCIATION: Board of Directors, Secretary, and Chairman Homeowners Advisory Board, Legal Counsel
- 1996-Present TIGARD ROTARY FOUNDATION: Chairman (2003 - 2005 & 2009 - 2010) and Board Member

INTERESTS

Golf, international travel, scuba diving, skiing, white-water rafting, and gourmet cooking

JAMES S. CRANE

Experience Summary

Jim Crane is a partner in the firm's Portland office and has practiced business, insurance, real estate, and environmental litigation with the firm since 1978.

Mr. Crane started as an associate in the firm's Anchorage office, where his clients included Alaska Native Village and Regional Corporations in business and corporate litigation and on issues arising under the Alaska Native Claims Settlement Act. He and his family moved to Portland in 1990. Prior to Landye Bennett Blumstein, Mr. Crane worked for Johnson, Christenson, Shamberg, and Glass in Anchorage, representing individuals on a wide variety of legal matters and Teamsters Local 959 on labor issues. Before law school, Mr. Crane worked for the Appalachian Regional Commission in Washington D.C. as a researcher, grant specialist, and analyst in the areas of education, housing, and solid waste disposal.

Admissions

State of Alaska, 1976; United States Supreme Court, 1977, U.S. Ninth Circuit Court of Appeals, 1976; U.S. District Court for the District of Alaska, 1976; State of Oregon, 1990; U.S. District Court for the District of Oregon, 1990; State of Washington, 2002

Education

JD – Northeastern University School of Law, 1976
MA – University of Toronto, Political Economy, 1971
BA – University of California, Santa Cruz, Politics (with Honors), 1970

Professional Organizations

American Bar Association, Section of Torts and Insurance Practice; Section of Litigation; Oregon State Bar Association; Multnomah County Bar Association; Alaska Bar Association; American Association for Justice; Oregon Trial Lawyers Association; Washington Bar Association; Washington Association for Justice.

Publications/Speeches

Mr. Crane has written and spoken on environmental insurance law for the Oregon State Bar and on spoliation of evidence for the Aviation Section of the Oregon State Bar and the Oregon Trial Lawyers Association.

Representative Cases

King v. Teamsters, 572 P2d 1168 (Alaska 1977) (appeal on issues of arbitration of labor dispute; punitive damages)

Gay Coalition of Anchorage v. Sullivan, 578 P2d 951 (Alaska 1978) (attorney for amicus curiae ACLU on free speech issues)

PR&S, Inc. v. Pellak, 583 P2d 185 (Alaska 1978) (trial and appeal on employment contract issues)

Donnelly v. Eklutna, Inc., 973 P2d 87 (Alaska 1999) (appeal on Alaska Native Claims Settlement Act issues)

Koniag, Inc. v. Koncor, et al., U.S. District Court for the District of Alaska (1992-1994) (Interpretation of rights of owners of surface and subsurface estates to sand and gravel under the Alaska Native Claims Settlement Act – pleadings, motions, discovery, trial, appeal)

CNA, et al. v. General Metals of Tacoma, Inc., U.S. District Court for Western District of Washington, 1992-1994 (environmental insurance recovery -- pleadings, discovery, motions).

Malarkey Asphalt Company, Seattle Washington (1995-2003) (environmental insurance recovery and private party cost recovery of 100% of client's claim through settlement without litigation).

City of Seattle v. Malarkey Asphalt Company, King County Superior Court, Washington, 2006-2008 (environmental cost recovery, pleadings, discovery, motions)

Eager v. State of Oregon Department of Fish and Wildlife, Multnomah County Circuit Court, Oregon, 2010-2011 (constitutional challenge to non-resident commercial fishing license and permit fees)

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CEDAR LAKE HOMEOWNERS ASSOCIATION, an Oregon domestic nonprofit corporation; and **DECATUR BRIDGEWATER VISTA CONDOMINIUMS OWNERS' ASSOCIATION**, an Oregon domestic nonprofit corporation,

Plaintiffs,

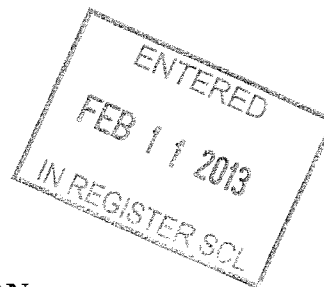
v.

NORTHWEST EMPIRE COMMUNITY MANAGEMENT, INC.,
fka Professional Community Management, Inc., an Oregon corporation,

Defendant.

Case No. 1211-14420

**MEMORANDUM IN SUPPORT OF
MOTION FOR ORDER OF DEFAULT
AND GENERAL JUDGMENT**



INTRODUCTION

This Memorandum sets forth the facts and points and authorities supporting Plaintiffs' Motion for Order of Default and General Judgment. The Complaint was duly served on defendant Northwest Empire Community Management, Inc. on November 12, 2012. Defendant has not appeared, nor has any attorney acting on behalf of Defendant contacted Plaintiffs' counsel. See Declaration of James S. Crane.

Plaintiffs are two homeowners associations whose former property manager was Defendant, whose responsibilities included collecting and holding assessments paid by owners and using the funds to pay Plaintiffs' operating expenses and to hold as reserves. On June 6, 2012, Defendant notified Plaintiffs that their funds had been "inappropriately misappropriated." Defendant further notified plaintiff Cedar Lake Homeowners Association ("Cedar Lake") that its losses were \$60,776.52 and plaintiff Decatur Bridgewater Vista Condominium Owners'

1 Association (“Decatur”) that its losses were \$72,099.18.

2 PRIOR PROCEEDINGS IN THE CASE

3 In November 2012, Plaintiffs learned that Defendant’s insurer was preparing to make a
 4 payment on an insurance claim filed by Defendant on account of the misappropriations.
 5 Plaintiffs applied for a temporary restraining order to prevent Defendant from disbursing
 6 insurance proceeds that could pay Plaintiffs’ damages. The court issued the restraining order on
 7 November 13, 2012. On November 21, 2012, the court granted Plaintiffs’ Petition for
 8 Provisional Process, which authorized a writ of attachment and a subsequent writ of garnishment
 9 to secure the insurance proceeds. However, the insurance company never tendered payment on
 10 the claim.

11 FACTS

12 For verification of the facts set forth below, Plaintiffs rely on the declaration of Neill
 13 Fishman on behalf of Decatur, the Declaration of Robert S. Watson on behalf of Cedar Lake, the
 14 Petition for Issuance of Provisional Process signed under oath by Stuart K. Cohen (“Petition”),
 15 and the exhibits thereto, all of which were submitted in support of the motion for temporary
 16 restraining order. For the court’s convenience, copies of the declarations, the Petition, and
 17 exhibits are attached as Exhibits A, B, and C, respectively.

18 Each plaintiff entered into a Management Agreement with Defendant.¹ Under the
 19 Management Agreement, Defendant agreed to provide professional services directed towards the
 20 management of the residential properties in each plaintiff, including (among others): the
 21 collection and deposit of maintenance assessments from Decatur Bridgewater’s owners; the
 22 creation and maintenance of a separate bank account to hold funds for payment of Decatur
 23 Bridgewater’s operating expenses (an “operating account”); the creation and maintenance of a
 24 separate bank account to hold Decatur Bridgewater’s reserve funds (a “reserve account”); the
 25

26 ¹ Fishman Dec ¶ 2; Watson Dec ¶ 2.

distribution of funds from the operating and reserve accounts to pay liabilities incurred on behalf of Decatur Bridgewater; the maintenance of accounting records in accordance with generally accepted accounting principles; the monthly distribution to all members of the Board of Directors of a financial statement for the previous month, including copies of the balance sheet, statement of income and expenses, schedules of cash investments, reserve allocations, and a check register of disbursements; and the utilization of all fraud control systems and methods available to Northwest Empire for the protection of Decatur Bridgewater's funds.²

On or about June 6, 2012, Plaintiffs each received an email from Defendant stating in part:

On Monday 06/04/2012 it was discovered that your HOA's funds have been inappropriately allocated. We have held all expenditures on your account at this time while a forensic account reviews your account. ...

We will be having a meeting Monday morning at 7:30 AM at the NW Empire office located at 3330 NW Yeon Ave Suite 200, Portland OR 97210 to discuss this situation with myself, our forensic CPA and fraud attorney.³

On June 11, 2012, at the meeting referenced in the emails above, , Gregory Lloyd, one of the owners of Defendant, discussed that he had discovered that Defendant had not created separate operating and reserve accounts for each client, that funds belonging to all HOA clients had been commingled, that funds belonging to an HOA were disbursed for the benefit of another HOA, and that it appeared that an employee/co-owner of Defendant had taken a significant amount of the funds held for the HOA clients. Defendant promised to produce an accounting by a forensic CPA, John Brams, hired by Defendant.⁴

Subsequently, Plaintiffs through their counsel, Mr. Cohen, received from Mr. Brams documents that purportedly summarize the losses of Plaintiffs: \$60,776.52 for Cedar Lake and

² See the Management Agreements attached as Exhibits 1 to the Fishman and Watson Decs, Article II, § 2.

³ Petition ¶ 18; Exhibit 2 to Petition; Exhibit 2 to Fishman Dec.

⁴ Petition ¶ 18.

\$72,099.18 for Decatur.⁵ Defendant has not been able to replace the missing funds, and this lawsuit followed.⁶

POINTS AND AUTHORITIES

Each plaintiff has submitted *prima facie* evidence for their claims.

Breach of Contract. Each plaintiff has submitted evidence to show the existence of a contract and its terms. Each plaintiff has shown that Defendant breached the contracts in the following ways: failing to establish and maintain a separate custodial bank account for each plaintiff's operating funds; failing to establish and maintain a separate custodial bank account for each plaintiff's reserve funds; commingling funds received for each plaintiff with funds received from other homeowners associations; disbursing each plaintiff's funds for purposes other than to pay liabilities incurred on behalf of said plaintiff; disbursing funds from each plaintiff's reserve funds without the prior approval in writing of, or via email by two members of the plaintiffs' Board of Directors; failing to maintain a set of accounting records in accordance with generally accepted accounting principles; failing to distribute monthly to all members of the Plaintiffs' Board of Directors a financial statement for the previous month, including copies of an accurate balance sheet, statement of income and expenses, schedules of cash investments, reserve allocations, and check register of disbursements; and failing to utilize all fraud control systems and methods available to Defendant for the protection of Plaintiffs' funds. Each plaintiff has also shown the amount of their damages.

Negligence. Each plaintiff has submitted evidence to show that Defendant owed each plaintiff a duty to use reasonable care when performing financial management services for Plaintiffs; that Defendant breached that duty by negligently performing the financial services by the same errors and omissions as constituted breach of contract, set forth above; that Defendant's

⁵ Petition ¶ 18 and Exhibits 3 and 4 thereto.

⁶ Petition ¶ 18.

conduct caused a foreseeable risk of harm; and that defendant's negligent was a substantial factor in causing plaintiffs to incur damages in the amounts shown. *Solberg v. Johnson*, 306 OR 484, 490-91, 760 P2d 867 (1988).

Conversion. Each plaintiff has submitted evidence to show that plaintiff delivered or caused to be delivered its property (money) to Defendant, who misappropriated or embezzled it and has refused to return it. This evidence shows an intentional exercise of dominion over control over the personal property of Plaintiffs that seriously interfered with Plaintiffs' rights to control their funds. *Hemstreet v. Spear*, 282 Or. 439, 444, 579 P.2d 229 (1978). Plaintiffs have shown their damages for Defendant's conversion of their money.

Breach of Fiduciary Duty. Each plaintiff has submitted evidence to show that it entrusted funds to Defendant, who undertook to manage and safeguard them for Plaintiffs' benefits, thereby creating a fiduciary duty owed by Defendant to each plaintiff. *Chiles v. Robertson*, 94 Or. App. 604, 619-625 (1989). Plaintiffs have submitted evidence to show that Defendant breached its fiduciary duty to Plaintiffs by the acts and omissions that constitute the breach of contract, negligence, and conversion and that the breach of fiduciary duty was a substantial factor in causing plaintiffs to incur damages in the amounts shown.

Unlawful Trade Practices. The acts and omissions that constitute breach of contract, negligence, conversion, and breach of fiduciary duty also constitute unlawful trade practices. The financial management "services" provided by Defendant were obtained by Plaintiffs primarily for personal, family or household purposes because Defendant collected, held, and disbursed Plaintiffs' funds for maintenance and repair of the houses of the association's unit owners. Plaintiffs, who are corporations, may bring a UTPA claim. *Goodyear Tire & Rubber Co. v. Tualatin Tire & Auto*, 129 Or. App. 206, 217-219, 879 P.2d 193 (1994), *rev'd on other grounds*, 322 Or. 4006 (1995).

Accounting. The complaint includes a claim for accounting. Plaintiffs ask that the claim be dismissed.

DAMAGES

Plaintiffs' damages are proven by the statements of Defendant's forensic accountant, submitted to Plaintiffs' counsel, Mr. Cohen. Exhibits 3 and 4 to the Petition for Issuance of Provisional Process are the statements for Cedar Lake (\$60,776.52) and Decatur (\$72,099.18), respectively.

PREJUDGMENT INTEREST

Plaintiffs are entitled to prejudgment interest. Although the Complaint seeks prejudgment interest on each misappropriation from the date of the misappropriation, Plaintiffs elect to receive prejudgment interest from the date that Defendant gave notice of the misappropriations, June 6, 2012.

ATTORNEY FEES

The Declaration of James S. Crane, submitted contemporaneously with the motion, sets forth the grounds for attorney fees, both under Article I, Section E of each Management Agreement and under the Unfair Trade Practices Act, ORS 646.638.

DATED this 25 day of January, 2013.

LANDYE BENNETT BLUMSTEIN LLP

By: 

Stuart K. Cohen, OSB #851738
James S. Crane, OSB #901420
Of Attorneys for Plaintiffs

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CEDAR LAKE HOMEOWNERS ASSOCIATION, an Oregon domestic nonprofit corporation; and **DECATUR BRIDGEWATER VISTA CONDOMINIUMS OWNERS' ASSOCIATION**, an Oregon domestic nonprofit corporation,

Plaintiffs,

v.

NORTHWEST EMPIRE COMMUNITY MANAGEMENT, INC.,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. *14-01-00000-000*

**PLAINTIFFS' PETITION FOR
ISSUANCE OF PROVISIONAL PROCESS
- WRIT OF GARNISHMENT, WRIT OF
ATTACHMENT, AND RESTRAINING
ORDER AND ORDER TO SHOW CAUSE**

ORCP 83; ORCP 84

State of Oregon)
) ss.
County of Multnomah)

STUART K. COHEN, being duly sworn, states as follows:

1. I am a partner at Landye Bennett Blumstein LLP, counsel for Plaintiffs in this case.

This sworn petition is based on information known to me.

2. As shown below and in the accompanying declarations of Neill Fishman and Robert S. Watson, this case arises from the loss of Plaintiffs' monies entrusted to their community manager, defendant Northwest Empire Community Management, Inc. ("Northwest Empire"), after Defendant wrongfully comingled the funds with funds from other owners' associations and then wrongfully disbursed Plaintiffs' funds for purposes not authorized by Plaintiffs. Contemporaneously with this Petition, Plaintiffs have filed a complaint against Defendant alleging claims for breach of contract, negligence, conversion, breach of fiduciary duty,

1 accounting, and unlawful trade practices. A copy of the complaint as filed is Exhibit 1 to this
2 Petition.

3 3. As explained below and in the accompanying declarations of Robert S. Watson and
4 Neill Fishman, this Petition seeks provisional process in the nature of Writ of Attachment and/or
5 Writ of Garnishment to secure insurance proceeds available to Defendant to satisfy any judgment
6 that may be recovered by Cedar Lake Homeowners Association for its claim of \$60,776.52 for
7 missing funds and by Decatur Bridgewater Vista Condominium Owners Association for its claim
8 of \$72,099.18 for missing funds.

9 4. I have obtained from Defendant's insurance agent, American Benefits, Inc., copies of
10 Defendant's insurance policies issued by The Hartford that may provide coverage for Plaintiffs'
11 claims against Defendant. True copies of the policy change reflecting Defendant's name change,
12 showing policy no. 52 SBA ZV5572 SC in effect from 11/01/10 to 11/01/11, excerpts from the
13 declarations page for policy 52 SBA PV0811 SC in effect from 11/17/11 to 11/17/12, and
14 excerpts from the declarations pages in effect from 02/10/12 to 02/10/13 are attached as
15 Exhibit 5.

16 5. Further, Plaintiffs seek a restraining order pursuant to ORCP 83 E directed to
17 Defendant and to each other person in possession or control of \$132,875.70 of the insurance
18 proceeds restraining Defendant and each such other person from transferring, removing or
19 otherwise disposing of said insurance proceeds pending the hearing on Plaintiff's petition for
20 provision process, and requiring Defendant and each such other person to appear at a time and
21 place fixed by the Court and show cause why such restraint should not continue during pendency
22 of this lawsuit on the underlying claims in the complaint.

23 6. ORCP 83 A(1): The name and place of business of Defendant are: Northwest
24 Empire Community Management, Inc., 3000 NE Sandy Blvd., Portland, Oregon 97232 and P.O.
25 Box 28205, Portland Oregon 97228; email – Gregory@pcmnw.com.

26 7. ORCP 83 A(2): The underlying claim is not based on a consumer transaction and

1 provisional process in a consumer good is not sought.

2 8. ORCP 83 A(3)(a): The provisional process sought is not claim and delivery.

3 9. ORCP 83 A(3)(b): The provisional process sought includes a restraining order
4 pursuant to ORCP 83 E. A statement of the particular acts sought to be restrained is as follows:
5 Defendant and each person in possession or control of the insurance proceeds payable to
6 Defendant on account of a claim or claims filed by Defendant for losses incurred as a result of
7 the wrongful comingling and disbursement of funds belonging to Plaintiffs shall not payout,
8 transfer, remove or otherwise dispose of the claimed insurance proceeds.

9 10. ORCP 83 A(4): Plaintiffs' claim to provisional process is not based upon ownership,
10 entitlement to possession, a security interest or otherwise.

11 11. ORCP 83 A(5): Plaintiffs do not have a writing or writings that purport to give
12 Plaintiffs a claim to provisional process. Attached as Exhibit 1 to the Declaration of Robert S.
13 Watson and as Exhibit 1 to the Declaration of Neill Fishman are true copies of the plaintiffs'
14 respective Management Agreements with Defendant, which underlay Plaintiffs' claims against
15 Defendant.

16 12. ORCP 83 A(6): The claimed insurance proceeds are not wrongfully detained by the
17 Defendant or another defendant.

18 13. ORCP 83 A(7): The claimed insurance proceeds have not been taken by a public
19 authority for a tax, assessment or fine.

20 14. ORCP 83 A(8): Plaintiffs do not claim that Defendant has waived the right to be
21 heard.

22 15. ORCP 83 A(9): The following facts tend to establish that there is substantial danger
23 that the defendant or another person is engaging in, or is about to engage in, conduct which
24 would place the claimed property in danger of concealment, loss, or transfer to an innocent
25 purchaser. Plaintiff is concerned that Defendant will expend these funds and leave Plaintiffs
26 without funds to cover their stolen funds – Defendant previously mismanaged or stole Plaintiffs'

1 funds and, if not restrained, history could repeat itself.

2 16. ORCP 83 A(10): Without restraint, Plaintiffs will suffer immediate and irreparable
3 injury, damage or loss because Defendant does not have other assets with which to pay
4 Plaintiffs' claims, as indicated by the fact that Defendant has not replaced the missing funds.

5 17. ORCP 83 A(11): The following facts tend to establish that there is substantial danger
6 that the defendant or another person probably would not comply with a restraining order.
7 Defendant and one of its principals previously mismanaged or stole Plaintiffs' funds and are not
8 to be trusted.

9 18. ORCP 83 A(12): There is no reasonable probability that Defendant can establish a
10 successful defense to the underlying claim for the following reasons:

11 Cedar Lake entered into a Management Agreement with Defendant, then known as
12 Pacific Community Management on or about June 9, 2011. A true copy of the agreement is
13 Exhibit 1 to the Declaration of Robert S. Watson.¹ Decatur Bridgewater entered into a
14 Management Agreement with Defendant on or about November 14, 2010. A true copy of the
15 agreement is Exhibit 1 to the Declaration of Neill Fishman.²

16 Both agreements provide, identically, in Article II, § 2, for Defendant to provide
17 "Financial Management" services to the plaintiffs. These services include, among others: the
18 collection and deposit of all maintenance assessments on the owners in the associations (§2.1);
19 the establishment and maintenance of a separate checking account or accounts for deposit of the
20 association's operating funds (§2.1); the checking accounts were to be established in a manner
21 indicating their custodial nature (§2.2); the payment by Defendant from such account(s) for the
22 expenses of the operation of the association in accordance with the association's approved
23 budget or as otherwise authorized by the association's Board of Directors (§2.2); the
24 authorization of Defendant by each association to make all disbursements from the association's
25

26 ¹ Declaration of Robert S. Watson.

² Declaration of Neill Fishman.

1 this Petition is a true copy of the summary page created by Mr. Brams for Decatur Bridgewater.
 2 It shows a loss of \$72,099.18. Defendant has not been able to replace the missing funds.

3 The agreements, Defendant's admissions about "inappropriately allocated" funds, and
 4 Defendant's admissions about the amounts of missing funds, show that there is no reasonable
 5 probability that the defendant can establish a successful defense to the underlying claims of
 6 breach of contract, negligence, conversion, and breach of fiduciary duty.

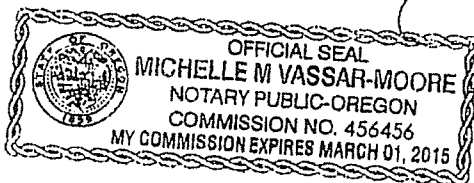
7 19. This is an action upon which a writ of attachment may be issued because it is an
 8 action upon a contract, namely, the Management Agreement, when the contract is not secured by
 9 a mortgage, lien or pledge. ORCP 84 A(2)(a). Attachment is sought for tangible personal
 10 property, namely, cash or checks (ORCP 84 B(2)) or for a debt owed by Defendant's insurance
 11 company on account of Defendant's insurance claim (ORCP 84 B(3)).

12 20. Garnishment is sought upon bank accounts of the defendant wherein insurance
 13 proceeds may be deposited.

14 DATED this 9th day of November, 2012.

15
 16 By: _____
 17 Stuart K. Cohen, OSB #851738

18 SUBSCRIBED AND SWORN to before me this 9th day of November, 2012.



Notary Public for the State of Oregon

IN THE CIRCUIT COURT FOR THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CEDAR LAKE HOMEOWNERS
ASSOCIATION, an Oregon domestic
nonprofit corporation; and DECATUR
BRIDGEWATER VISTA
CONDOMINIUMS OWNERS'
ASSOCIATION, an Oregon domestic
nonprofit corporation,

Plaintiffs,

v.

NORTHWEST EMPIRE
COMMUNITY MANAGEMENT, INC.,
fka Professional Community Management,
Inc., an Oregon corporation,

Defendant.

Case No. 14-01-00000

COMPLAINT
(Breach of Contract; Negligence;
Conversion; Breach of Fiduciary Duty;
Accounting; Unlawful Trade Practices;
Attorney Fees)

Not Subject to Mandatory Arbitration

Jury Trial Requested

Plaintiffs' Claim: \$132,875.70
Statutory Filing Fee: Or Laws 2012, ch.
48, sec. 2: ORS 21.160(1)(c)

Plaintiffs Cedar Lakes Homeowners Association ("Cedar Lakes") and Decatur
Bridgewater Vista Condominiums Owners' Association ("Decatur Bridgewater") allege as
follows:

FIRST CLAIM FOR RELIEF

(Cedar Lake – Breach of Contract)

1.

Cedar Lakes Homeowners Association is a nonprofit corporation organized under the
Oregon Nonprofit Corporation Act, Chapter 65 of the Oregon Revised Statutes. Cedar Lakes is
located in Gresham, Oregon.

2.

On or about June 9, 2011, Cedar Lake through its Board of Directors entered into that
certain Management Agreement with defendant Northwest Empire Community Management,

1 Inc., then known as Professional Community Management, Inc. ("Defendant" or "Northwest
2 Empire"). The Management Agreement continued until effect until terminated by Cedar Lake in
3 or about June 2012.

4 3.

5 Under the Management Agreement, Northwest Empire agreed to provide professional
6 services directed towards the management of the residential properties in Cedar Lake, including
7 professional services for financial management, among others. The financial management
8 services included, among others, the collection and deposit of maintenance assessments from
9 Cedar Lake's owners; the creation and maintenance of a separate bank account to hold funds for
10 payment of Cedar Lake's operating expenses (an "operating account"); the creation and
11 maintenance of a separate bank account to hold Cedar Lake's reserve funds (a "reserve
12 account"); the distribution of funds from the operating and reserve accounts to pay liabilities
13 incurred on behalf of Cedar Lake; the maintenance of accounting records in accordance with
14 generally accepted accounting principles; the monthly distribution to all members of the Board
15 of Directors of a financial statement for the previous month, including copies of the balance
16 sheet, statement of income and expenses, schedules of cash investments, reserve allocations, and
17 a check register of disbursements; and the utilization of all fraud control systems and methods
18 available to Northwest Empire for the protection of Cedar Lake's funds.

19 4.

20 On or about June 6, 2012, Northwest Empire informed Cedar Lake that Cedar Lake's
21 funds had been "inappropriately misappropriated." Subsequently, Northwest Empire informed
22 Cedar Lake that funds received by Northwest Empire for Cedar Lake had been commingled with
23 funds received by Northwest Empire for other homeowners associations, and that funds had been
24 disbursed for purposes other than to pay liabilities incurred on behalf of Cedar Lake.

25 5.

26 Northwest Empire breached the Management Agreement with Cedar Lake in one or more

1 of the following ways:

- 2 a. Failing to establish and maintain a separate custodial bank account for
- 3 Cedar Lake's operating funds;
- 4 b. Failing to establish and maintain a separate custodial bank account for
- 5 Cedar Lake's reserve funds;
- 6 c. By commingling funds received for Cedar Lake with funds received from
- 7 other homeowners associations;
- 8 d. By disbursing Cedar Lake's funds for purposes other than to pay liabilities
- 9 incurred on behalf of Cedar Lake;
- 10 e. By disbursing funds from Cedar Lake's reserve funds without the prior
- 11 approval in writing of, or via email by two members of Cedar Lake's
- 12 Board of Directors;
- 13 f. Failing to maintain a set of accounting records in accordance with
- 14 generally accepted accounting principles;
- 15 g. Failing to distribute monthly to all members of the Board of Directors a
- 16 financial statement for the previous month, including copies of an accurate
- 17 balance sheet, statement of income and expenses, schedules of cash
- 18 investments, reserve allocations, and check register of disbursements; and
- 19 h. Failing to utilize all fraud control systems and methods available to
- 20 Northwest Empire for the protection of Cedar Lake's funds.

21 6.

22 As a result of Northwest Empire's breach of the Management Agreement, Cedar Lake
23 has incurred damages in the amount of \$60,776.52 for lost operating and reserve funds.

24 7.

25 Northwest Empire has failed and refused to return the operating funds and reserve funds
26 to Cedar Lake.

8.

Cedar Lake is entitled to attorney fees and costs pursuant to Article II, section E of the Management Agreement, and to prejudgment interest from the date of each misappropriation.

SECOND CLAIM FOR RELIEF

(Cedar Lake – Negligence)

9.

Cedar Lake incorporates by reference and realleges paragraphs 1, 2, and 4, above.

10.

As Managing Agent, Northwest Empire owed Cedar Lake a duty to use reasonable care when performing financial management services for Cedar Lake.

11.

Northwest Empire negligently performed financial management services for Cedar Lake in one or more of the following ways:

- a. Failing to establish and maintain a separate custodial bank account for Cedar Lake's operating funds;
- b. Failing to establish and maintain a separate custodial bank account for Cedar Lake's reserve funds;
- c. By commingling funds received for Cedar Lake with funds received from other homeowners associations;
- d. By disbursing Cedar Lake's funds for purposes other than to pay liabilities incurred on behalf of Cedar Lake;
- e. By disbursing funds from Cedar Lake's reserve funds without the prior approval in writing of, or via email by two members of Cedar Lake's Board of Directors;
- f. Failing to maintain a set of accounting records in accordance with generally accepted accounting principles;

- g. Failing to distribute monthly to all members of the Board of Directors a financial statement for the previous month, including copies of an accurate balance sheet, statement of income and expenses, schedules of cash investments, reserve allocations, and check register of disbursements; and
- h. Failing to utilize all fraud control systems and methods available to Northwest Empire for the protection of Cedar Lake's funds.

12.

Northwest Empire's negligence was a substantial factor in causing Cedar Lake to suffer damages in the amount of \$60,776.52 for lost operating and reserve funds. Cedar Lake is also entitled to prejudgment interest from the date of each misappropriation.

THIRD CLAIM FOR RELIEF

(Cedar Lake – Conversion)

13.

Cedar Lake incorporates by reference and realleges paragraphs 1, 2, and 4 above.

14.

Northwest Empire converted Cedar Lake's operating funds and reserve funds by taking them for its own purposes.

15.

As a result of Northwest Empire's breach of the Management Agreement, Cedar Lake has incurred damages in the amount of \$60,776.52, consisting of the loss of operating funds in the amount of \$60,776.52 for lost operating and reserve funds. Cedar Lake is also entitled to prejudgment interest from the date of each misappropriation.

16.

Northwest Empire has failed and refused to return the converted funds.

/////

/////

1 **FOURTH CLAIM FOR RELIEF**

2 (Cedar Lake – Breach of Fiduciary Duty)

3 17.

4 Cedar Lake incorporates by reference and realleges paragraphs 1, 2, 3, and 4, above.

5 18.

6 Cedar Lake entrusted Northwest Empire with its reserve and operating funds. This
7 entrustment created a fiduciary duty owed by Northwest Empire to Cedar Lake.

8 19.

9 Northwest Empire breached its fiduciary duty of loyalty and care to Cedar Lake in one or
10 more of the ways alleged in paragraphs 5, 10, and 13, above, which are incorporated and
11 realleged by reference.

12 20.

13 Northwest Empire's breach of its fiduciary obligations was a substantial factor in Cedar
14 Lake incurring damages in the amount of \$60,776.52 for lost operating and reserve funds. Cedar
15 Lake is also entitled to prejudgment interest from the date of each misappropriation.

16 **FIFTH CLAIM FOR RELIEF**

17 (Cedar Lake – Accounting)

18 21.

19 Cedar Lake incorporates by reference and realleges paragraphs 1-4 and 17-19 above.

20 22.

21 Cedar Lake is entitled to an accounting for all funds entrusted to Northwest Empire and
22 to a judgment for all sums shown by the accounting to be owed by Northwest Empire.

23 23.

24 Cedar Lake is entitled to its attorney fees pursuant to Article II, section E of the
25 Management Agreement.

26 /////

SIXTH CLAIM FOR RELIEF

(Cedar Lake – Unlawful Trade Practices)

24.

Cedar Lake incorporates by reference and realleges paragraphs 1-4, above.

25.

Northwest Empire provided services to Cedar Lake for household purposes of Cedar Lake's members.

26.

Northwest Empire engaged in unlawful trade practices within the meaning of ORS 646.607 and ORS 646.608 in one or more of the following ways:

- a. Failing to establish and maintain a separate custodial bank account for Cedar Lake's operating funds;
- b. Failing to establish and maintain a separate custodial bank account for Cedar Lake's reserve funds;
- c. By commingling funds received for Cedar Lake with funds received from other homeowners associations;
- d. By disbursing Cedar Lake's funds for purposes other than to pay liabilities incurred on behalf of Cedar Lake;
- e. By disbursing funds from Cedar Lake's reserve funds without the prior approval in writing of, or via email by two members of Cedar Lake's Board of Directors;
- f. Failing to maintain a set of accounting records in accordance with generally accepted accounting principles;
- g. Failing to distribute monthly to all members of the Board of Directors a financial statement for the previous month, including copies of an accurate balance sheet, statement of income and expenses, schedules of cash

investments, reserve allocations, and check register of disbursements; and
 h. Failing to utilize all fraud control systems and methods available to
 Northwest Empire for the protection of Cedar Lake's funds.

27.

Northwest Empire willfully used or employed said unlawful trade practices.

28.

As a result of the unlawful trade practices committed by Northwest Empire, Cedar Lake
 has incurred damages in the amount of \$60,776.52 for lost operating and reserve funds. Cedar
 Lake is also entitled to punitive damages under ORS 646.638(1).

29.

Cedar Lake is entitled to reasonable attorney fees and costs under ORS 646.638(3).
 Cedar Lake is also entitled to prejudgment interest from the date of each misappropriation.

SEVENTH CLAIM FOR RELIEF

(Decatur Bridgewater – Breach of Contract)

30.

Decatur Bridgewater Vista Condominiums Owners' Association is a nonprofit
 corporation organized under the Oregon Nonprofit Corporation Act, Chapter 65 of the Oregon
 Revised Statutes. Decatur Bridgewater is located in Portland, Oregon.

31.

On or about November 14, 2010, Decatur Bridgewater through its Board of Directors
 entered into that certain Management Agreement with defendant Northwest Empire Community
 Management, Inc., then known as Professional Community Management, Inc. ("Defendant" or
 "Northwest Empire"). The Management Agreement continued until effect until terminated in or
 about June 2012.

32.

Under the Management Agreement, Northwest Empire agreed to provide professional

1 services directed towards the management of the residential properties in Decatur Bridgewater,
 2 including professional services for financial management, among others. The financial
 3 management services included, among others, the collection and deposit of maintenance
 4 assessments from Decatur Bridgewater's owners; the creation and maintenance of a separate
 5 bank account to hold funds for payment of Decatur Bridgewater's operating expenses (an
 6 "operating account"); the creation and maintenance of a separate bank account to hold Decatur
 7 Bridgewater's reserve funds (a "reserve account"); the distribution of funds from the operating
 8 and reserve accounts to pay liabilities incurred on behalf of Decatur Bridgewater; the
 9 maintenance of accounting records in accordance with generally accepted accounting principles;
 10 the monthly distribution to all members of the Board of Directors of a financial statement for the
 11 previous month, including copies of the balance sheet, statement of income and expenses,
 12 schedules of cash investments, reserve allocations, and a check register of disbursements; and the
 13 utilization of all fraud control systems and methods available to Northwest Empire for the
 14 protection of Decatur Bridgewater's funds.

15 33.

16 On or about June 6, 2012, Northwest Empire informed Decatur Bridgewater that Decatur
 17 Bridgewater's funds had been "inappropriately misappropriated." Subsequently, Northwest
 18 Empire informed Decatur Bridgewater that funds received by Northwest Empire for Decatur
 19 Bridgewater had been commingled with funds received by Northwest Empire for other
 20 homeowners associations, and that funds had been disbursed for purposes other than to pay
 21 liabilities incurred on behalf of Decatur Bridgewater.

22 34.

23 Northwest Empire breached the Management Agreement with Decatur Bridgewater in
 24 one or more of the following ways:

- 25 a. Failing to establish and maintain a separate custodial bank account for
 26 Decatur Bridgewater's operating funds;

- b. Failing to establish and maintain a separate custodial bank account for Decatur Bridgewater's reserve funds;
- c. By commingling funds received for Decatur Bridgewater with funds received from other homeowners associations;
- d. By disbursing Decatur Bridgewater's funds for purposes other than to pay liabilities incurred on behalf of Decatur Bridgewater;
- e. By disbursing funds from Decatur Bridgewater's reserve funds without the prior approval in writing of, or via email by two members of Decatur Bridgewater's Board of Directors;
- f. Failing to maintain a set of accounting records in accordance with generally accepted accounting principles;
- g. Failing to distribute monthly to all members of the Board of Directors a financial statement for the previous month, including copies of an accurate balance sheet, statement of income and expenses, schedules of cash investments, reserve allocations, and check register of disbursements; and
- h. Failing to utilize all fraud control systems and methods available to Northwest Empire for the protection of Decatur Bridgewater's funds.

35.

As a result of Northwest Empire's breach of the Management Agreement, Decatur Bridgewater has incurred damages in the amount \$72,099.18 for lost operating and reserve funds.

36.

Northwest Empire has failed and refused to return the operating funds and reserve funds to Decatur Bridgewater.

37.

Decatur Bridgewater is entitled to its attorney fees and costs pursuant to Article II,

section E of the Management Agreement. Cedar Lake is also entitled to prejudgment interest from the date of each misappropriation.

EIGHTH CLAIM FOR RELIEF

(Decatur Bridgewater – Negligence)

38.

Decatur Bridgewater incorporates by reference and realleges paragraphs 1, 2, and 4, above.

39.

As Managing Agent, Northwest Empire owed Decatur Bridgewater a duty to use reasonable care when performing financial management services for Decatur Bridgewater.

40.

Northwest Empire negligently performed financial management services for Decatur Bridgewater in one or more of the following ways:

- a. Failing to establish and maintain a separate custodial bank account for Decatur Bridgewater's operating funds;
- b. Failing to establish and maintain a separate custodial bank account for Decatur Bridgewater's reserve funds;
- c. By commingling funds received for Decatur Bridgewater with funds received from other homeowners associations;
- d. By disbursing Decatur Bridgewater's funds for purposes other than to pay liabilities incurred on behalf of Decatur Bridgewater;
- e. By disbursing funds from Decatur Bridgewater's reserve funds without the prior approval of in writing or via email by two members of Decatur Bridgewater's Board of Directors;
- f. Failing to maintain a set of accounting records in accordance with

generally accepted accounting principles;

- g. Failing to distribute monthly to all members of the Board of Directors a financial statement for the previous month, including copies of an accurate balance sheet, statement of income and expenses, schedules of cash investments, reserve allocations, and check register of disbursements; and
- h. Failing to utilize all fraud control systems and methods available to Northwest Empire for the protection of Decatur Bridgewater's funds.

41.

Northwest Empire's negligence was a substantial factor in causing Decatur Bridgewater to suffer damages in the amount of \$72,099.18 for lost operating and reserve funds. Cedar Lake is also entitled to prejudgment interest from the date of each misappropriation.

NINTH CLAIM FOR RELIEF

(Decatur Bridgewater – Conversion)

42.

Decatur Bridgewater incorporates by reference and realleges paragraphs 1, 2, and 4 above.

43.

Northwest Empire converted Decatur Bridgewater's operating funds and reserve funds by taking them for its own purposes.

44.

As a result of Northwest Empire's breach of the Management Agreement, Decatur Bridgewater has incurred damages in the amount \$72,099.18 for lost operating and reserve funds. Cedar Lake is also entitled to prejudgment interest from the date of each misappropriation.

45.

Northwest Empire has failed and refused to return the converted funds.

TENTH CLAIM FOR RELIEF

(Decatur Bridgewater – Breach of Fiduciary Duty)

46.

Decatur Bridgewater incorporates by reference and realleges paragraphs 1, 2, 3, and 4, above.

47.

Decatur Bridgewater entrusted Northwest Empire with its reserve and operating funds. This entrustment created a fiduciary duty owed by Northwest Empire to Decatur Bridgewater.

48.

Northwest Empire breached its fiduciary duty of loyalty and of care to Decatur Bridgewater in one or more of the ways alleged in paragraph 5, 10, and 13, above, which are incorporated and realleged by reference.

49.

Northwest Empire's breach of its fiduciary obligations was a substantial factor, Decatur Bridgewater has incurred damages in the amount \$72,099.18 for lost operating and reserve funds. Cedar Lake is also entitled to prejudgment interest from the date of each misappropriation.

ELEVENTH CLAIM FOR RELIEF

(Decatur Bridgewater – Accounting)

50.

Decatur Bridgewater incorporates by reference and realleges paragraphs 1-4 and 17-19 above.

51.

Decatur Bridgewater is entitled to an accounting for all funds entrusted to Northwest

1 Empire and to a judgment for all sums shown by the accounting to be owed by Northwest
2 Empire.

3 52.

4 Decatur Bridgewater is entitled to its attorney fees and costs pursuant to Article II,
5 section E of the Management Agreement.

6 TWELFTH CLAIM FOR RELIEF

7 (Decatur Bridgewater – Unlawful Trade Practices)

8 53.

9 Northwest Empire engaged in unlawful trade practices within the meaning of ORS
10 646.607 and ORS 646.608 in one or more of the following ways:

- 11 a. Failing to establish and maintain a separate custodial bank account for
12 Decatur Bridgewater's operating funds;
- 13 b. Failing to establish and maintain a separate custodial bank account for
14 Decatur Bridgewater's reserve funds;
- 15 c. By commingling funds received for Decatur Bridgewater with funds
16 received from other homeowners associations;
- 17 d. By disbursing Decatur Bridgewater's funds for purposes other than to pay
18 liabilities incurred on behalf of Decatur Bridgewater;
- 19 e. By disbursing funds from Decatur Bridgewater's reserve funds without the
20 prior approval of in writing or via email by two members of Decatur
21 Bridgewater's Board of Directors;
- 22 f. Failing to maintain a set of accounting records in accordance with
23 generally accepted accounting principles;
- 24 g. Failing to distribute monthly to all members of the Board of Directors a
25 financial statement for the previous month, including copies of an accurate
26 balance sheet, statement of income and expenses, schedules of cash

investments, reserve allocations, and check register of disbursements; and
 h. Failing to utilize all fraud control systems and methods available to
 Northwest Empire for the protection of Decatur Bridgewater's funds.

54.

Northwest Empire willfully used or employed said unlawful trade practices.

55.

As a result of the unlawful trade practices committed by Northwest Empire, Decatur
 Bridgewater has incurred damages in the amount of \$72,099.18 for lost operating and reserve
 funds. Decatur Bridgewater is also entitled to punitive damages under ORS 646.638(1).

56.

Decatur Bridgewater is entitled to reasonable attorney fees and costs under ORS
 646.638(3). Cedar Lake is also entitled to prejudgment interest from the date of each
 misappropriation.

WHEREFORE, plaintiffs Cedar Lake and Decatur Bridgewater pray for judgment against
 Defendant as follows:

1. On Cedar Lake's First, Second, Third, Fourth, and Sixth Claims for Relief, the sum of
 \$60,776.52;

2. On Decatur Bridgewater's Seventh, Eighth, Ninth, Tenth, and Twelfth Claims for
 Relief, the sum of \$72,099.18;

3. On Cedar Lake's Fifth Claim for Relief, an order for an accounting and a money
 judgment for all sums shown by the accounting to be owed by Defendant;

4. On Decatur Bridgewater's Eleventh Claim for Relief, an order for an accounting and
 a money judgment for all sums shown by the accounting to be owed by Defendant;

5. On Cedar Lake's Sixth Claim for Relief and on Decatur Bridgewater's Twelfth Claim
 for relief, punitive damage in an amount to be determined by the court or jury;

6. Cedar Lake's attorney fees and costs for the First and Sixth Claims for Relief;

1 7. Decatur Bridgewater's attorney fees and costs for the First and Twelfth Claims for
2 Relief;

3 8. For prejudgment interest from date of each misappropriation of Plaintiffs' funds; and

4 9. For costs, postjudgment interest, and such other relief as may be proper and just.

5 DATED this 9th day of November, 2012.

6 LANDYE BENNETT BLUMSTEIN LLP

7
8 By: _____
9 Stuart K. Cohen, OSB #851738
10 James S. Crane, OSB #901420
11 *Of Attorneys for Plaintiffs*
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Crane, Jim

From: Cohen, Stuart
Sent: Wednesday, November 07, 2012 8:34 AM
To: Crane, Jim
Subject: FW: HOA Funds

Admission e-mail. Greg Lloyd is one of the owners of NW Empire

From: decaturbridgewaterboard@nwempire.com [<mailto:decaturbridgewaterboard@nwempire.com>] **On Behalf Of** Gregory Lloyd
Sent: Wednesday, June 06, 2012 4:44 PM
To: Decatur Bridgewater Board
Subject: HOA Funds

Hello Decatur Board,

On Monday 06/04/2012 it was discovered that your HOA's funds have been inappropriately allocated. We have held all expenditures on your account at this time while a forensic accountant reviews your account. At this time you may want to work with your account manager at NW Empire to file a claim under your Fidelity Bond/Employee Dishonesty for the full amount in your reserves and operating accounts. The final number can be changed once it is known. We will need to set up a time next week with your board to open new accounts which only have board member signing ability on them.

We will be having a meeting Monday morning at 7:30AM at the NW Empire office located at 3330 NW Yeon Ave Suite 200, Portland, OR 97210 to discuss this situation with myself, our forensic CPA and fraud attorney. We will provide coffee, donuts, bagels, etc. for you. Please plan on attending this meeting.

If you would like to speak to John Brams (the forensic CPA) to discuss progress, please feel free to contact him at (503) 297-6466.

Kind Regards,

Senior Community Manager

503-482-6812 | *direct*
503-278-3231 | *office*
503-200-1114 | *fax*

PO Box 28205 | Portland, OR | 97228

NW Empire

Summary of income (loss)

Cedar Lake

Summary of income (loss) from commingling of funds

<u>Bank & account type</u>	<u>Amount</u>
Commingling income (loss) - Chase operating account	(\$48,776.52)
Commingling income (loss) - Chase reserve account	(12,000.00)
Commingling income (loss) - Bank of America operating account	0.00
Commingling income (loss) - Bank of America reserve account	0.00
2010 funds that should have been received from sweep account	0.00
2011 funds that should have been received from sweep account	0.00
2012 funds that should have been received from sweep account	0.00
2009 - 2012 funds received from sweep account - Chase	0.00
2009 - 2012 funds received from sweep account - Bank of America	<u>0.00</u>
Total commingling income (loss)	<u>(\$60,776.52)</u>

NW Empire

Summary of income (loss)

Decatur

<u>Summary of income (loss) from commingling of funds</u>	
<u>Bank & account type</u>	<u>Amount</u>
Commingling income (loss) - Chase operating account	\$12,095.62
Commingling income (loss) - Chase reserve account	(32,883.31)
Commingling income (loss) - Bank of America operating account	1,962.38
Commingling income (loss) - Bank of America reserve account	(15,985.75)
2010 funds that should have been received from sweep account	(289.45)
2011 funds that should have been received from sweep account	(26,565.22)
2012 funds that should have been received from sweep account	(15,482.83)
2009 - 2012 funds received from sweep account - Chase	3,100.00
2009 - 2012 funds received from sweep account - Bank of America	<u>1,949.38</u>
Total commingling income (loss)	<u>(\$72,099.18)</u>



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGE

This endorsement changes the policy effective on the Inception Date of the policy unless another date is indicated below:

Policy Number: 52 SBA ZV5572 SC

ORIGINAL

Named Insured and Mailing Address; PROFESSIONAL COMMUNITY

SEE FORM IH1200

PO BOX 28205

PORTLAND

OR 97228

Policy Change Effective Date: 09/21/11

Effective hour is the same as stated in the
Declarations Page of the Policy.

Policy Change Number: 002

Agent Name: AMERICAN BENEFITS GROUP

Code: 701028

POLICY CHANGES:

SENTINEL INSURANCE COMPANY, LIMITED

ANY CHANGES IN YOUR PREMIUM WILL BE REFLECTED IN YOUR NEXT BILLING
STATEMENT. IF YOU ARE ENROLLED IN REPETITIVE EFT DRAWS FROM YOUR BANK
ACCOUNT, CHANGES IN PREMIUM WILL CHANGE FUTURE DRAW AMOUNTS.

THIS IS NOT A BILL.

NO PREMIUM DUE AS OF POLICY CHANGE EFFECTIVE DATE

NAMED INSURED IS CHANGED TO READ: NORTHWEST EMPIRE COMMUNITY
MANAGEMENT

FORM NUMBERS OF ENDORSEMENTS REVISED AT ENDORSEMENT ISSUE:

IH12001185 NAMED INSURED

PRO RATA FACTOR: 0.112

THIS ENDORSEMENT DOES NOT CHANGE THE POLICY EXCEPT AS SHOWN.

Form SS 12 11 04 05 T
Process Date: 09/25/11

Page 001

Policy Effective Date: 11/01/10
Policy Expiration Date: 11/01/11

INSURED COPY

EXHIBIT
Exhibit A Page 25 of 33
PAGE

01985
*2000252ZV55720411

11 This **Spectrum Policy** consists of the Declarations, Coverage Forms, Common Policy Conditions and any
 08 other Forms and Endorsements issued to be a part of the Policy. This insurance is provided by the stock
 EV insurance company of The Hartford Insurance Group shown below.
 SEA

INSURER: SENTINEL INSURANCE COMPANY, LIMITED
 HARTFORD PLAZA, HARTFORD, CT 06115
 COMPANY CODE: A

Policy Number: 52 SEA PV0811 SC



SPECTRUM POLICY DECLARATIONS

Named Insured and Mailing Address: PACIFIC EMPIRE COMMUNITY MGMT
 (No., Street, Town, State, Zip Code)

PO BOX 28205
 PORTLAND OR 97228

Policy Period: From 11/17/11 To 11/17/12 1 YEAR
 12:01 a.m., Standard time at your mailing address shown above. **Exception:** 12 noon in New Hampshire.

Name of Agent/Broker: AMERICAN BENEFITS GROUP
 Code: 701028

Previous Policy Number: NEW

Named Insured Is: CORPORATION

Audit Period: NON-AUDITABLE

Type of Property Coverage: SPECIAL

Insurance Provided: In return for the payment of the premium and subject to all of the terms of this policy, we agree with you to provide insurance as stated in this policy.

TOTAL ANNUAL PREMIUM IS: \$755

Countersigned by

Authorized Representative

Date

SPECTRUM POLICY DECLARATIONS (Continued)

POLICY NUMBER: 52 SBA PV0811

BUSINESS LIABILITY	LIMITS OF INSURANCE
LIABILITY AND MEDICAL EXPENSES	\$2,000,000
MEDICAL EXPENSES - ANY ONE PERSON	\$ 10,000
PERSONAL AND ADVERTISING INJURY	\$2,000,000
DAMAGES TO PREMISES RENTED TO YOU ANY ONE PREMISES	\$1,000,000
AGGREGATE LIMITS	
PRODUCTS-COMPLETED OPERATIONS	\$4,000,000
GENERAL AGGREGATE	\$4,000,000
BUSINESS LIABILITY OPTIONAL COVERAGES	
HIRED/NON-OWNED AUTO LIABILITY	\$2,000,000
CYBERFLEX COVERAGE FORM SS 40 26	



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Philadelphia Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company COMMON POLICY DECLARATIONS

Policy Number: PHSD697856

Named Insured and Mailing Address:
Northwest Empire Community Management
PO BOX 28205
PORTLAND, OR 97228-8205

Producer: 18700
American Benefits Inc.
9755 SW Barnes Road, Suite 290
Portland, OR 97224

Policy Period From: 02/10/2012 **To:** 02/10/2013

at 12:01 A.M. Standard Time at your mailing
address shown above.

Business Description: Property Manager

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	
Commercial General Liability Coverage Part	
Commercial Crime Coverage Part	
Commercial Inland Marine Coverage Part	
Commercial Auto Coverage Part	
Businessowners	
Workers Compensation	
Miscellaneous Professional	1,898.00
Total	\$ 1,898.00

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE
Refer To Forms Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (01/07)

Countersignature Date

Authorized Representative

Exhibit A Page 28 of 33

PAGE 28 OF 7

Philadelphia Indemnity Insurance Company

Form Schedule – Policy

Policy Number: PHSD697856

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
CSNotice-1	0411	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0211	Policyholder Notice (Loss Assistance Hotline)
CPD-PIIC	0107	Common Policy Declarations
PP 0701	0701	Privacy Policy Notice
IL0985	0108	Disclosure Pursuant to Terrorism Risk Ins Act of 2002

PI-PLSP-001 (08/07)

Item 9. Named Entity's Profession:
Property Manager

Endorsements: See Schedule

By accepting this Policy, the Insured agrees that the statements in the application are personal representations, that they shall be deemed material, and that this Policy is issued in reliance upon the truth of such representations.

Authorized Representative

Countersignature

Countersignature Date

Multnomah Circuit Court

Multnomah County Circuit Court
P.O. Box 114
Portland, OR 97207

Receipt # 006294597 11/13/12 2:07 CASH JJE MULW204
Case # 121114420 Cedar Lake Homeowners Associ/Northwest Empire Community
Bond 500.00

AMOUNT TENDERED	500.00	
AMOUNT APPLIED	500.00	BALANCE DUE
CHANGE	0.00	0.00
PAYOR DECATUR BRIDGEWATER VISTA CONO		Receipt # 006294597

KAB_11-13-2012 110929

Check Request

1030-10 / Cash in Bank Checking PDX/Wells Fargo

Date: 11/13/2012
Payee: James S. Crane
Amount: \$500.00
For: 1/2 Bond - 14501-002 (other half to 14533-002)

Offsetting GL Accounts:

1240-10 unbilled client costs - Hard \$500.00

Transactions:

11/13/2012 1 @ \$500.00 14501-002

MCAH